

FCC
Citizen Services

2015 Annual Report

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The Success of Working Together

Dear Shareholder,

You are holding the annual report of our Company that contains the breakdown of everything done throughout 2015.

A very special and decisive year for the present and future of FCC. A year with important milestones like the second capital increase, supported by FCC's two largest shareholders, Carlos Slim and Grupo Carso, and my mother Esther Koplowitz, who thus confirm their support and commitment to the Company. In addition, the process of renegotiating the debt, especially the so-called Tranche B, was successfully completed, as you are aware, at the end of April last year.

Along with this, we have made a significant effort to improve cash generation, to advance the process of divestment in businesses that we do not see as strategic at the moment, to renew a large part of the contracts and promote actions aimed at finding new revenue. Operations which will strengthen the Group's capital and financial structures that will enable us to further reduce our debt and leverage resources for other strategic purposes.

After the arrival, last August, of Carlos Jarque as Group CEO, together with the significant efforts to be made in the area of finances, operations also came to the forefront of our priorities with a clear objective: achieving increased operational and technical efficiency. And that is what we have done, with the implementation of new organisational structures that increase the synergies between our businesses, thereby reducing overheads and operating leverage.

We have carried out all these tasks in our search to ensure that FCC fits in better with the conditions of the markets in which we operate, thereby creating improved conditions for the Company to take advantage of the opportunities we face in our businesses in order to continue advancing on the path to profitability that we have set. However, we still have a long way to go.

Dear shareholders, we live in new times, times that require new ways of addressing new and significant challenges. We take on these challenges with the certainty of having behind us an extraordinary team, the trust gained day-by-day from our customers and all your support.

Henry Ford said: "Coming together is a beginning. Keeping together is progress. Working together is success". At FCC, we have got to where we are together, we are continuing in the same way, and we are clear that only by working together and with a common spirit, we will be able to remain what we are, a world leader in the Water sector, Citizen' Services and Infrastructure. This has been, is, and shall be our strongest commitment.

Esther Alcocer Koplowitz
Chairwoman of FCC



A Year of Transformations

This is the first time I have the pleasure of addressing the shareholders of FCC as the Group CEO. When defining financial year 2015 I think the best way to do it is by highlighting the thorough transformation we have experienced in virtually every area of FCC Group. The financial, operating and governance areas (just to name the most important ones) have been modified substantially in order to face the future with greater guarantees.

One of the milestones in the year was the 709 million euro capital increase that was approved at the end of December. As you are aware, it is the second capital increase carried out recently by our Group after the one approved in late 2014, as a result of which Carso Group became a majority shareholder in FCC.

The new cash injection represents the definitive commitment of our foremost shareholder, Carlos Slim, with FCC. Our second largest majority shareholder, Esther Koplowitz, also took part in the increase, reasserting her historical links with the Group and with all the people it comprises. The support of the two most important shareholders of FCC by way of this new injection of funds will provide a sound growth platform, together with the possibility of attaining better credit terms for our debt.

The capital increase was undoubtedly a fundamental financial decision last year but it was not the only one. Directly in connection with this new cash injection, we embarked on a new renegotiation of our debt, especially focusing on the so-called Tranche B, with a goal of achieving a quitclaim of at least 15% from our creditors, and this was finally implemented at the end of the first four months of 2016. At the same time we have negotiated with the various financial entities in order to lower the interest rates on our financing, as well as extending the debt maturities in the areas of Water, Environmental Services and Energy, among others.

As I commented to the financial analysts who monitor our share on the stock exchange, “these operations will reinforce the Group’s capital and financial structure and will also allow us to reduce our debt, strengthen Cementos Portland and channel funds towards other strategic corporate purposes.”

The financial front was supplemented by a determined effort to improve cash generation, further progress in the process of divesting from businesses that no longer fit in the Group’s future strategy and the renewal of contracts, aside from seeking new revenues. Accordingly, in the second half of last year there was an intensive debt collection and claims process. In the Construction activity alone over 250 million euros were recovered.



The major divestments were the sales of Globalvía and Cemusa. The sales transaction involving our urban furniture firm represents our exit from a non-strategic business for the Group. Meanwhile the sale of Globalvía will entail a cash injection that could reach 210 million euros in 2016 and 2017, part of which were already paid in the first four months of this year. Further in this respect, sales processes have commenced in the transportation area, which we expect to be completed this year, and the Group took part in the capital increase of Realia, where our stake amounts to 36.9%.

We must also underscore the fact that FCC has renewed a significant number of its contracts in the Water and Environmental Services areas, once again showing the service quality, experience and soundness of our business. These contracts represent solid revenues for the future.

All of these initiatives have strengthened our finances, reducing expenses and financial leverage.

Working as a Group

The operating area has also been one of my focal points since becoming the CEO of FCC last August. Besides dealing with financial leverage, we have focused on how we work as a Group with the goal of achieving synergies in strategic aspects, implementing new organisational structures and reducing overheads, the result of which is lower operating leverage.

The following lines of action are prominent:

- Synergies. The Group's intercompany work has become an unwavering line of action for all our business areas. FCC Industrial is a good example. Through measures such as the integration of affiliates (Matinsa) and the grouping of various maintenance activities (roads, railway infrastructures, electromechanical facilities, power efficiency projects, etc.), around 450 people were relocated in the second half of 2015.
- Reduction of expenses. Austerity and budget control remain as an unavoidable management approach. Throughout the year administration expenses were brought down by 8%. Wage restraint, the amortisation of vacancies wherever it is not essential to fill the position, the reduction of the budget for leases, sponsorships and lower travel expenses were some of the initiatives carried out to achieve this.
- Centralised purchases. A system of centralised purchases has been established for the entire Group. This new tool provides us with greater bargaining power with our suppliers. Just last year, centralised purchases allowed us to save 11.3% in items such as security services, 19.5% in IT, and 24% in earthwork, facilities and steel.
- New structures. Nearly all the Group areas have changed in terms of organisation. At FCC Aqualia, for instance, a single command was implemented in Spain and an International Department was established to improve communications with our clients abroad. FCC Construcción introduced a new managerial approach that was supplemented by staff restructuring, with a reduction of 610 employees in a new redundancy scheme that was negotiated with the trade unions and workers last April.

Corporate Governance

Besides these structural changes, there were other milestones in the field of governance last year, most importantly in the composition of the Board of Directors. Following the capital increase towards the end of 2014 in which Carso Group became a shareholder, on 14 January there were new appointments of proprietary directors by co-opting: Inmobiliaria AEG S.A. de C.V., represented by Carlos Slim Helú; Inmuebles Inseo S.A. de C.V., represented by Juan Rodríguez Torres, Alejandro Aboumrad González and Gerardo Kuri Kaufmann.

Also, the remodelling of the Board that had started a month and a half before was completed on 28 February, with the inclusion of the representatives of Control Empresarial de Capitales S.A. de C.V. Here it was a matter of independent directors, and Manuel Gil Madrigal, Henri Proglio and Álvaro Vázquez de la Puerta were designated members of the Board. The last change in the governance of FCC took place on 18 August, when Juan Béjar stepped down as CEO and I assumed that office.

All of these financial, operating and governance measures have consolidated FCC as a Group with greater operating and technical efficiency. I shall use a figure to illustrate this: Ebitda per employee rose by 13% in 2015 taking all of our activities in consideration.

In summary, these financial, operating and governance reorganisation tasks were done with the goal of adjusting to the conditions of all the markets in which we operate, to better respond to the opportunities we encounter in our Infrastructures, Environmental Services and Water activities and to advance along the path towards profits.

Symbolic Projects

These measures would be of no use if our businesses did not continue to advance towards achieving the goal of maintaining and extending their activity. 2015 was a year in which FCC again secured emblematic contracts through its various activities. This annual report includes in-depth information in this respect but I would like to highlight three in particular:

- FCC Aqualia secured its largest contract ever in Egypt (2.4 billion euros). Last August a consortium led by FCC Aqualia was awarded the Abu Rawash wastewater treatment plant in Cairo (Egypt). Once the plant is finished it will process 1.6 million cubic metres of water a day, servicing 5.5 million people, making it one of the largest plants in the world. Also in the same year, FCC Aqualia was awarded important international projects, which is one of the Group's strategic goals, particularly in Latin America (Mexico and Chile) and Saudi Arabia, for the installation of networks and the maintenance of wastewater treatment plants.
- FCC Medio Ambiente (the Environmental division) was awarded, in November, the construction and operation of a recyclable waste plant in Dallas, Texas (USA) for 15 years, extendable for another ten years, with associated revenues of approximately 270 million euros. This contract is added to the one secured in September for collecting urban solid waste in two zones of Orange County, Florida, likewise in USA, for 85 million euros, lasting ten years and serving a population of 400,000. On the other hand, in Spain the Environmental Services area contracted additional amounts of nearly 1.4 billion euros throughout the year.
- FCC Construcción leads the consortium that is building the Toyo tunnel in Colombia, worth 392 million euros. Last October we were awarded the construction project of the Toyo tunnel and a section of the adjacent motorway in Colombia. The award comprises the design, construction, operation and maintenance of the tunnel for ten years in total. Also, last May a consortium including FCC was awarded the design and construction of Line 2 of the Panama City metro, for an attributable amount of 663 million euros.

A year of stability

As you are aware, this document has an extensive, detailed chapter dedicated to our earnings in financial year 2015. But I do not want to end my first letter to you without highlighting the most important aspects of our income statement for last year.

During FY 2015, due to the impact of discontinued operations, provisions set aside for write-offs and adjustment capacities in the Construction area, the Group had a net loss of 46.3 million euros, which is 93% less than a year before, when losses totalled 724.3 million euros. On the other hand, profits from continuing activities reached 35.1 million euros.

Income rose by 2.2%, reaching 6,476 million euros, mainly due to higher invoicing (up by 9.8%) in international markets. There is a salient circumstance: activities increased in all of our business areas, especially Water, which rose by 39.5%.

At the end of the year, Environmental Services and Comprehensive Water Management accounted for 80.1% of the Group's gross operating profit, while the remaining was from cyclical activities linked to the construction of infrastructure and building. Within the infrastructure area, Cementos Portland registered losses of 61,9 million euros. Its turnover increased by 6.9%, now above 580 million euros.

Net financial debt as of 31 December 2015 totalled 5,473.6 million euros, representing a reduction by 243.9 million from the previous September and an increase by 457.6 million euros in respect of year-end 2014. This increase is mainly the result of the reclassification under long-term of financial assets in the Construction area, the net effect of the exchange rate on debt denominated in foreign currencies and the reduction of the cash balance.

Regarding the business portfolio, at year-end 2015 it totalled 32,500 million euros, along the lines of the 32,996 million at year-end 2014. This means we remain at the historical highs of recent years. The Water business represents 44.4% of the total portfolio, Environmental Services accounts for 36.4% and Construction has the remaining 19.2%.

Road Map

To complete my first letter to the shareholders, I wish to explain concisely our road map towards greater efficiency and profits. In other words, these are our priorities for the coming months, which include the following items:

1) Strengthening our capital structure. Optimising financing by reducing debt, lowering costs and with maturity terms suited to corporate needs. All of this aims to balance borrowing with revenues, bringing down financial charges and enhancing liquidity generation.

2) Boosting profits. We shall insist on doing everything to benefit our business and to generate value for our shareholders. Cost reductions and centralised purchases are among these initiatives, which we expect to improve in the future.

3) Investing in strategic areas. We shall focus our efforts on optimising the use of our assets and increasing productivity.

4) Geographic concentration and risk control. We shall seek markets that are profitable for the Group in order to preserve business stability.

5) Maintaining our leadership in Environmental Services and Water. Our privileged position in these two areas is an incentive to continue to lead the sector by renewing existing contracts and seeking new profitable business. We guarantee that we shall use state-of-the-art technology to reassert FCC's strategic positioning.

6) Furthering synergies within the Group. The returns obtained in 2015 show how important it is to preserve and achieve new joint actions across our different activities. We shall work in line with to Corporate Social Responsibility (CSR) principles so that our administration can be competent, with efficient management as the inherent approach in all business areas.

I mentioned at the beginning of this letter that 2015 was a year of transformations for FCC. These transformations have laid the foundations for our path towards profits as an unwavering goal. But this transformation must also become a permanent element so that we may continue to be a world benchmark Group in Citizen Services in the fields of the Environment, Water and Infrastructures, with the best technical and professional qualifications. Many challenges lie ahead: we shall work enthusiastically to achieve the goals of this emblematic and strategic Group dedicated to Citizen Services.

Carlos M. Jarque
CEO of FCC

03 Governing Bodies



Park and garden maintenance in Cartagena (Spain).

Board of Directors

Esther Alcocer Koplowitz,
Representing Dominum Desga, S.A.
Chairwoman
Proprietary Director

Samede Inversiones 2010, S.L.
Represented by: Esther Koplowitz Romero de Juseu
First Vice Chairwoman
Proprietary Director

EAC Inversiones Corporativas, S.L.
Represented by: Alicia Alcocer Koplowitz
Proprietary Director

Dominum Dirección y Gestión, S.A.
Represented by: Carmen Alcocer Koplowitz
Proprietary Director

Inmobiliaria AEG, S.A. de C.V.
Represented by: Carlos Slim Helú
Proprietary Director

Juan Rodríguez Torres
Proprietary Director

Alejandro Aboumrad González
Proprietary Director

Gerardo Kuri Kaufmann
Proprietary Director

Manuel Gil Madrigal
Independent Director

Henri Proglio
Independent Director

Álvaro Vázquez de Lapuerta
Independent Director

Francisco Vicent Chuliá
Secretary (non-board member)

Felipe Bernabé García Pérez
Vice Secretary (non-board member)



Note: Information updated as of the date of publication of the Annual Report.

Executive Committee

Members

Esther Alcocer Koplowitz,
representing Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
representing EAC Inversiones Corporativas, S.L.

Alejandro Aboumrad González

Gerardo Kuri Kaufmann
Secretary (non-member)

Francisco Vicent Chuliá
Vice Secretary (non-member)

Felipe Bernabé García Pérez

Audit And Control Committee

Chairman

Henri Proglio

Members

Alicia Alcocer Koplowitz,
representing EAC Inversiones Corporativas, S.L.

Juan Rodríguez Torres

Manuel Gil Madrigal

Álvaro Vázquez de Lapuerta
Secretary (non-member)

Felipe Bernabé García Pérez

Appointments and Remuneration Committee

Chairman

Álvaro Vázquez de Lapuerta

Members

Esther Alcocer Koplowitz,
representing Dominum Desga, S.A.

Juan Rodríguez Torres

Manuel Gil Madrigal
Secretary (non-member)

Felipe Bernabé García Pérez

Note: Information updated as of the date of publication of the Annual Report.

04 Goals and Strategy



San José del Cabo-Cabo San Lucas (Mexico) motorway junctions.

FCC Group has a long track record in the market and has gone through many processes. It is a dynamic and experienced Company, with the capacity to adapt and react to the various scenarios lying ahead.

The recent developments in the Citizen Services Group show its versatility when it comes to achieving the goals it has set through the strategies it has designed and implemented. These have involved and have been reinforced following the incorporation of the new core shareholder who, considering the conditions and the natural life cycle of the Company, will strengthen the foundations so that it may not only continue in the market but also grow in a profitable, sustainable manner to the benefit of its collaborators, partners and investors.

2013 - 2014

- Expenditure reduction.*
- Sale and write-off of assets.*
- Expenditure reduction.
- Sale of assets.
- Renegotiation of debt.
- First capital increase.

2015 - 2016

- Expenditure reduction.
- Sale of non-strategic assets.
- Debt reduction.
- Expenditure reduction.
- Sale of non-strategy assets. Vision of opportunity rather than urgency.
- Second capital increase. Reinforcement of the Company's financial structure.
  - Debt reduction (with quitclaim).
  - Better credit conditions, lower finance costs.
- Synergies. Working together with clear goals, giving priority to intercompany sales.
- Collection of debt and sums claimed as a priority activity.
- Centralisation of strategic areas: duplicities are eliminated, reinforcing the negotiation position.

- Reduction of leverage.
- Reduction of finance costs.
- Cash flow generation.
- Profitable growth.
- Investment in strategic assets.
- Continuing the internationalisation process in a prudent and orderly manner.
- Keeping a position of leadership, actively participating in the market.
- Increasing synergies, productivity and competitive capacity.

* 2013 Strategy Plan, presented at the General Meeting of Shareholders of the same year. The renegotiation of debt was incorporated to the strategy in 2014. At the same time it was decided to carry out a capital increase.



05 Regulatory Disclosures Notified to the CNMV

(Spanish National Securities Market Commission)

New Cairo Wastewater Treatment Plant (Egypt).

Regulatory Disclosures 2015

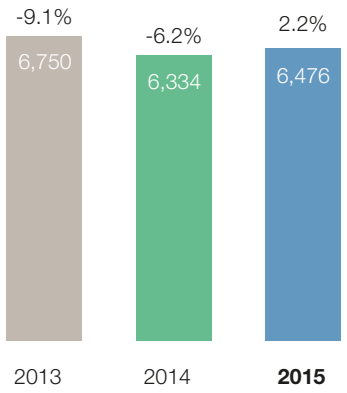
14/01/15	The Company communicates changes in the composition of the Board of Directors.
19/01/15	The shareholders' agreements between Larranza and CaixaBank, on the one hand, and Dominum Dirección y Gestión, S.L., in relation to B-1998, communicated on 26/05/11 and 3/04/14, were rendered void on 15/01/15.
21/01/15	The Company reports the resumption of the Liquidity Contract as from 22 January 2015.
05/02/15	The Company reports on its holding in Realia.
06/02/15	The Company reports on its holding in Realia.
28/02/15	The Company reports the remodelling of its Board of Directors and the appointment of its new Economic and Financial General Manager.
17/04/15	The Company reports changes in the Board of Directors, in the Audit and Control Committee, and in the Appointment and Remuneration Committee.
30/04/15	Esther Koplowitz secures the long-term refinancing of DDG, the holding company of the FCC shares.
20/05/15	The Company sends out the notice of the Annual General Meeting of Shareholders.
26/06/15	Resolutions adopted at the Annual General Meeting held on 25 June 2015.
26/06/15	Composition of the Board of Directors of FCC and of its Committees.
30/06/15	FCC Construcción enters into a Collaboration Agreement with Carso Infraestructuras y Construcción.
01/07/15	FCC resolves to sell Globalvía to the Malaysian fund Khazanah Nasional Berhad for 210 million euros.
13/07/15	The Company reports the process of replacing the CEO.
12/08/15	The Company submits a Relevant Fact regarding Globalvía.
18/08/15	Appointment of the new CEO of FCC Group.
08/10/15	The Company reports changes in its Board of Directors.
09/10/15	The Company reports changes in the Board committees.
06/11/15	The Company submits a Relevant Fact clarifying news published in the press.
03/12/15	The Company submits information requested from listed companies by the CNMV in relation to Compliance with certain aspects of the Capital Companies Act.
04/12/15	Form for notifying the source Member State.
17/12/15	The Company reports the resolution of the Board of Directors regarding a capital increase by an amount in excess of 700 million euros.
18/12/15	The Company reports the temporary suspension of the Liquidity Contract.



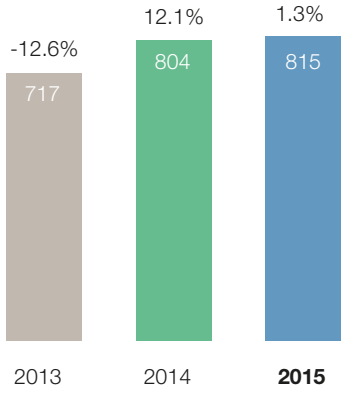
06 FCC in Figures

Conservation and maintenance of parks and gardens.

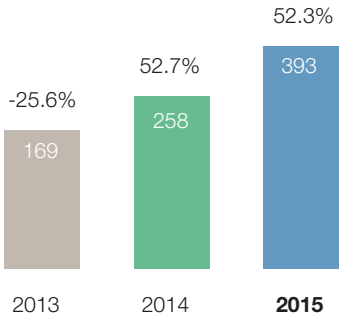
Revenues
Million euro



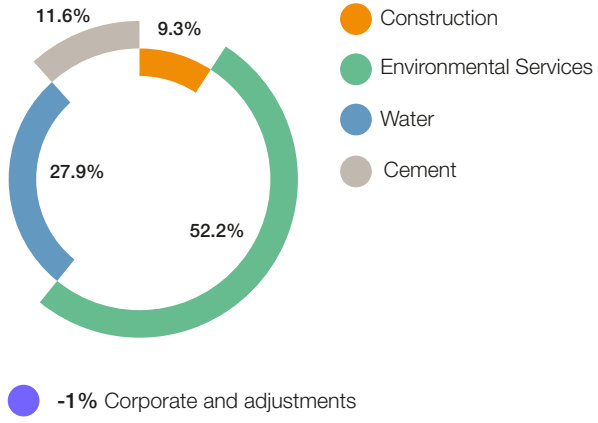
Gross operating profit (Ebitda)
Million euro



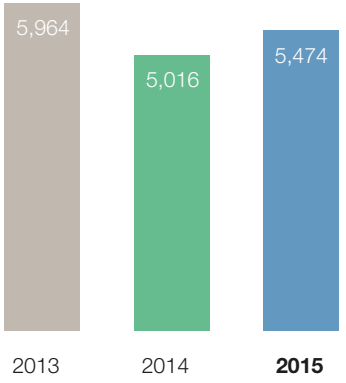
Net investments
Million euro



Revenues
business activity

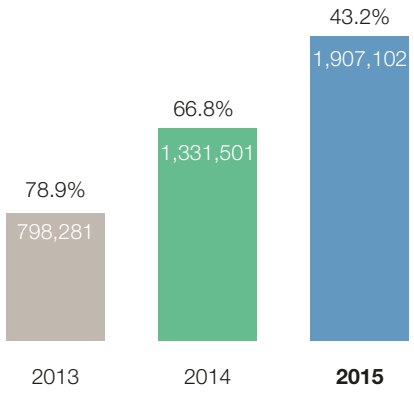


Net financial debt
Million euro



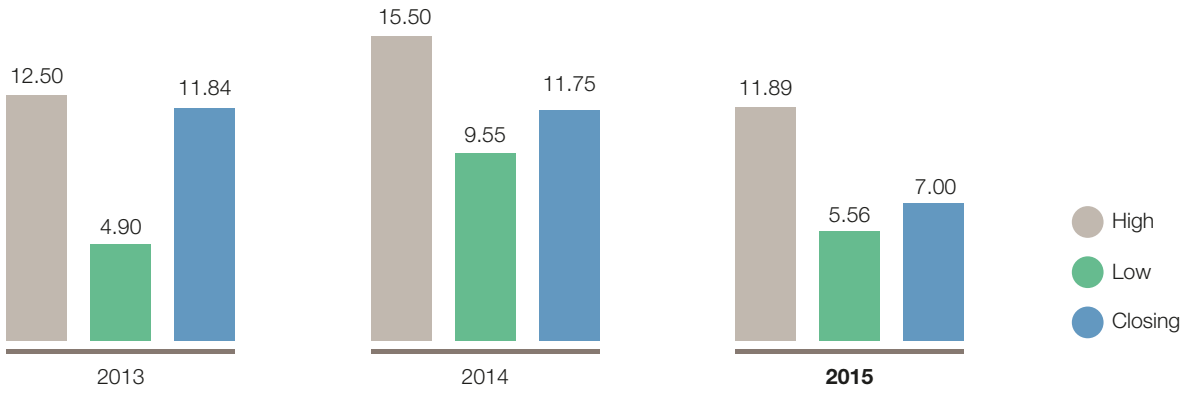
Trade volume

Nº shares daily average



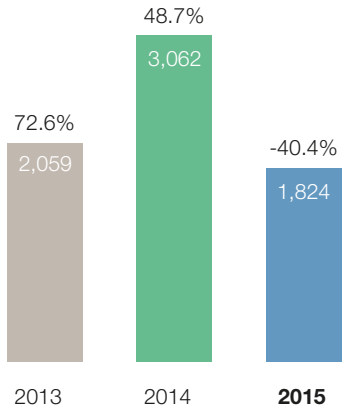
Share price: high, low and year-end

In euro



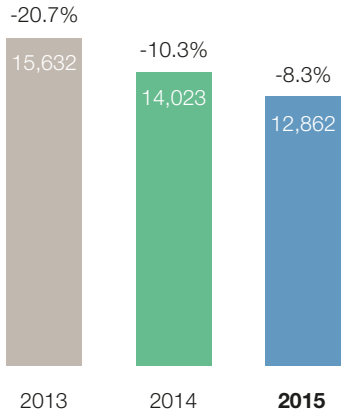
Market capitalisation

Million euro



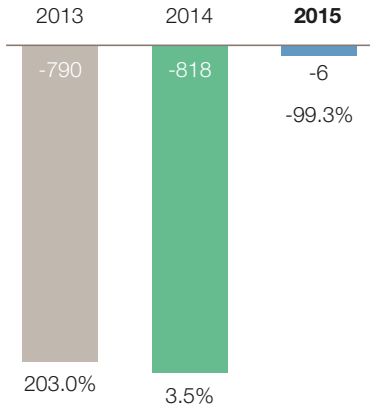
Total assets

Million euro



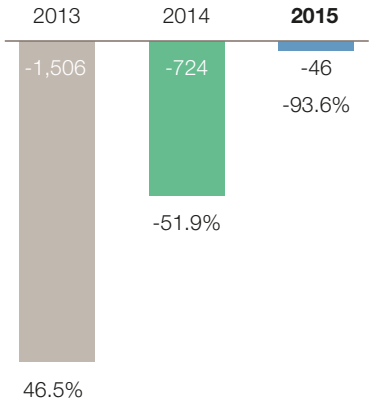
Earnings Before Taxes (EBT)

Million euro



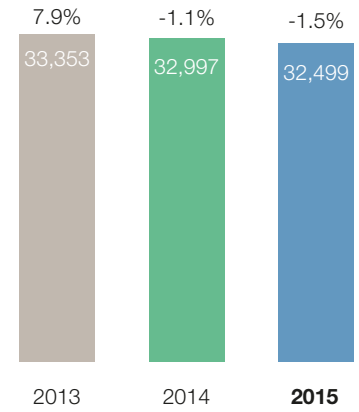
Profit attributed to parent company

Million euro



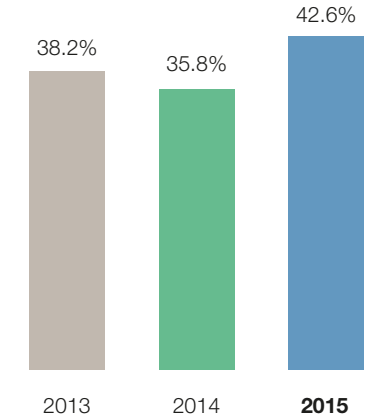
Backlog

Million euro



Financial leverage (pct.)

(Net debt/Total assets)

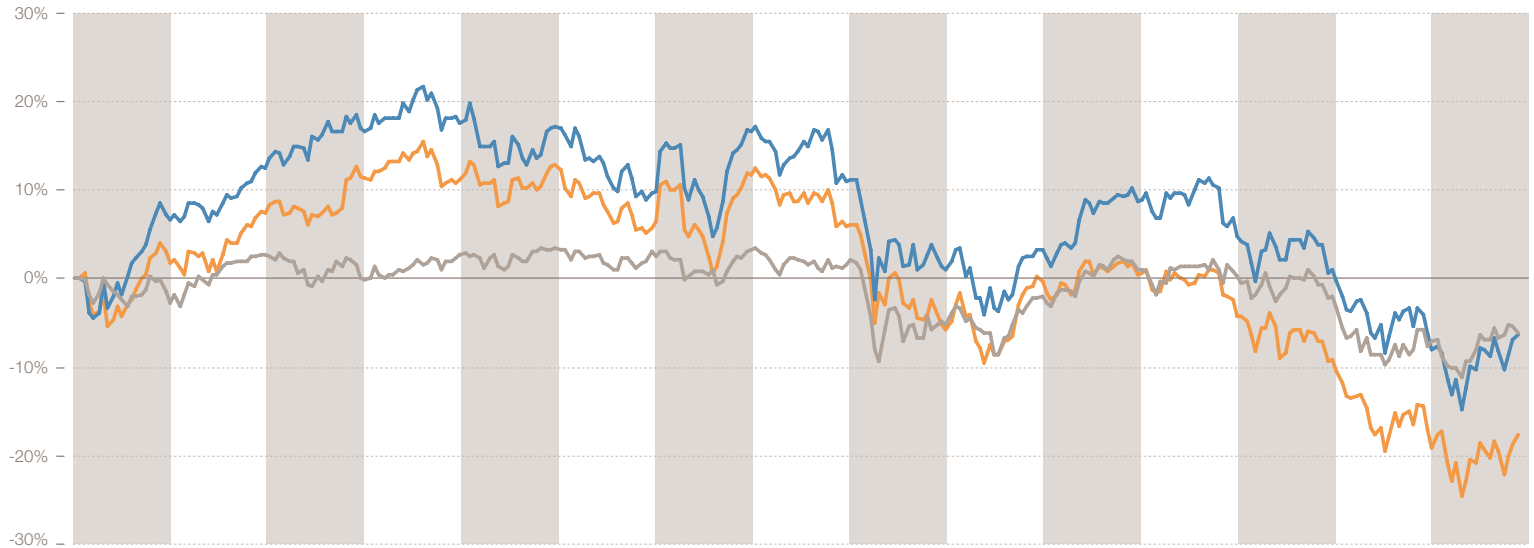


Market and Share Price Evolution

Volatility was ever present in the market in 2015. Investors had to face multiple uncertainties during the year which caused sharp oscillations in share prices. Issues in emerging markets, especially in Brazil, and their currencies; the slowdown of the Chinese economy, particularly in August; the Greek crisis; the expected rate hike in USA, which finally took place in December, and the ECB policies to stimulate the economy, which were sometimes disappointing, weighed down on markets.

The Ibex ended the year with a loss of over 7% compared to a gain of nearly 4% in 2014. Political uncertainty in Spain in the home stretch of the year, following the outcome of the general election, burdened the Spanish blue chip index compared to other European markets.

Evolution of S&P500, IBEX35 & EUROSTOXX50 to February 2016



	2014	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan. 16	Feb. 16
Eurostoxx 50	**1.2%**	6.5%	7.4%	2.7%	-2.2%	-1.2%	-4.1%	5.2%	-9.2%	-5.2%	10.2%	2.6%	-6.8%	**-6.8%**	**-3.3%**
S&P 500	**11.4%**	-3.1%	5.5%	-1.7%	0.9%	1.0%	-2.1%	2.0%	-6.3%	-2.6%	8.3%	0.1%	-1.8%	**-5.1%**	**-0.4%**
Ibex 35	3.7%	1.2%	7.4%	3.1%	-1.2%	-1.5%	-4.0%	3.8%	-8.2%	-6.8%	8.4%	0.3%	-8.1%	**-7.6%**	**-4.0%**

In 2015 the FCC share price fell 40.4%. It should be noted that on 17 December 2015, the Board of Directors resolved to increase the capital by the amount of 709.5 million euros. On the trading day following this announcement the share price gained 28.15%, a historical high as far as revaluations are concerned. FCC ended the year with a market capitalisation of 1,824 million euros.

Trading Volume

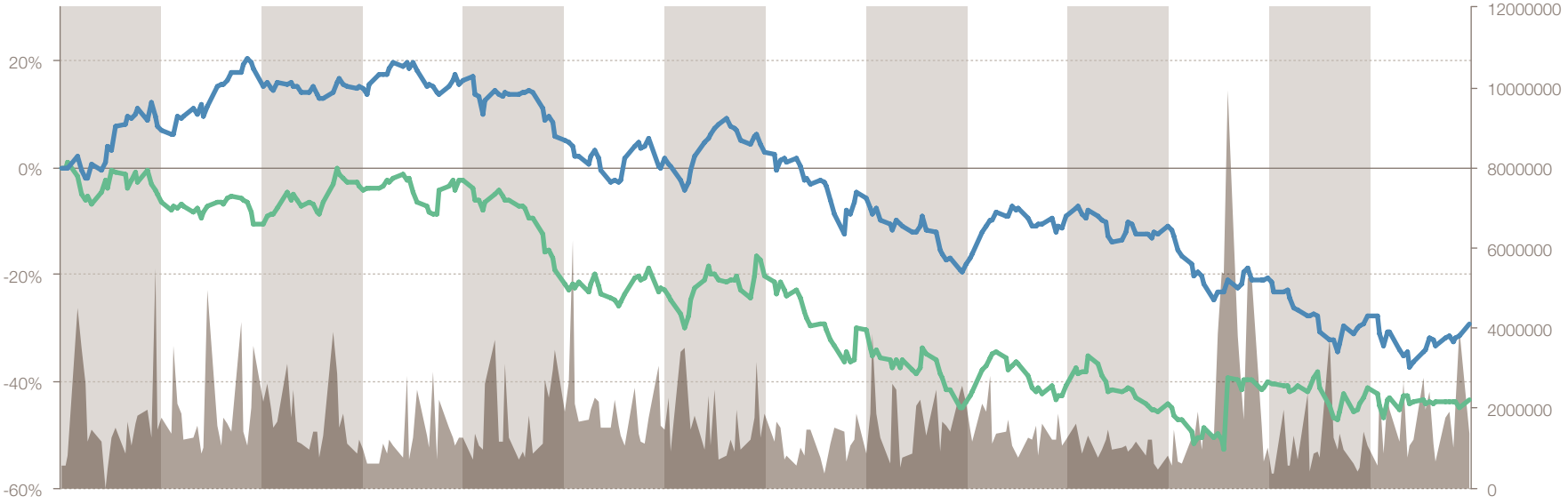
The total trading volume during the year was in excess of 488 million shares, with a daily average of 1,907,102 shares changing hands, which is 43.2% higher than the daily average in 2014. Throughout the year the share capital of FCC was turned over 1.87 times.

Dividends

Since 2013 FCC's Board of Directors follows a policy of not paying out a dividend.

This decision, which remained in place in 2015, is part of the restructuring process embarked on since 2013, which aims to increase the operating efficiency and strengthen the balance sheet, and will have to be ratified by the General Meeting of Shareholders that will take place in the first semester of 2016.

Annual evolution of the FCC share price



	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan. 16	Feb. 16
% Var. FCC	-6.5%	-4.5%	8.2%	1.0%	-17.0%	-4.1%	2.9%	-12.8%	-19.2%	5.0%	-5.6%	6.9%	**-1.1%**	**-3.6%**
% Var. Sector	6.4%	7.7%	2.0%	0.3%	-6.1%	-2.4%	9.1%	-5.4%	-5.8%	11.6%	-11.0%	-9.2%	**-6.8%**	**-5.0%**

Treasury Shares

FCC Group does not carry out transactions with own shares other than those included in the CNMV Framework Agreement on Liquidity Agreements, which seeks to provide liquidity and depth to the share price according to the regulations in force. Said liquidity agreement was suspended on 18 December 2015 following the resolution to increase the capital approved in December and was finalised in March 2016.

No impact whatsoever is estimated in the returns for shareholders from the Liquidity Agreement involving treasury shares, because its nature and goal are contrary to its existence. Neither is any impact expected on the FCC Group's earnings per share.

All in all, as of 31 December 2015 FCC Group held, whether directly or indirectly, a total of 415,500 own shares, representing a mere 0.159% of the share capital.

Shareholder Structure

The shares of FCC, S.A. are represented by book entries and are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the data in the records of the CNMV, at the end of the financial year the Company's relevant shareholders were the following:

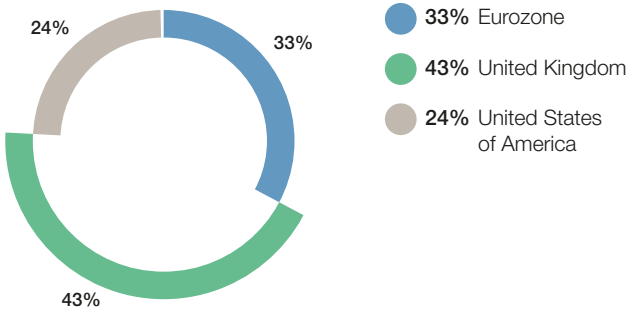
Main Shareholders	No. of Shares	Pct. of Share Capital
Inmobiliaria Carso, S.A. de C.V.	68,091,956	26.13%
Dominum Dirección y Gestión, S.A.	58,454,939	22.43%
William H. Gates III	—	5.73%

FCC's floating capital at year end was 45%. It is distributed approximately as follows: Spanish minority shareholders hold 11%, Spanish institutional investors hold 6.5% and the remaining 27.5% is in the hands of foreign institutional investors.

The composition of the floating capital (in percentage terms), according to the origin of the shareholders, is the following:

Floating capital structure

(pct.) in December 2015



Source: Own records.

07 Environmental Services



Solid urban waste collection service in Madrid (Spain).



Solid urban waste collection service in Madrid (Spain).

Environmental Services

Analysis of the Environment Sector in Spain
National Environment Division
International Environment Division
Technological Innovations
Sustainability: Progress and Results
Quality, Occupational Risk Prevention and Training
FCC Ámbito

Analysis of the Environment Sector in Spain

During 2015 the budgetary restraint trend of recent years has been maintained from the authorities that issue invitations to tender. The still unresolved economic crisis and budget cuts are taking their toll on tenders, mainly because the cost of these services is one of the items that carries more weight in the budgets of the municipalities and other awarding bodies. In spite of this situation, the services portfolio is 0.2% more than in 2014.



Special cleaning services in San Fermín, Pamplona (Spain).

National Environment Division

FCC provides urban services in 3,583 municipalities in Spain, serving a population of over twenty-eight million. During 2015, FCC collected 5.4 million tonnes of waste and over seven million tonnes were treated.

Throughout 2015 FCC was awarded a total of 147 contracts for urban services. These activities include street cleaning, collection and transportation of solid waste, maintenance of green areas, maintenance of sewage systems, energy efficiency services and others, representing an increase in contracts awarded compared with the previous year. The volume of global contracts amounted to 1,386 million Euros compared to 1,220.1 million from the previous year.

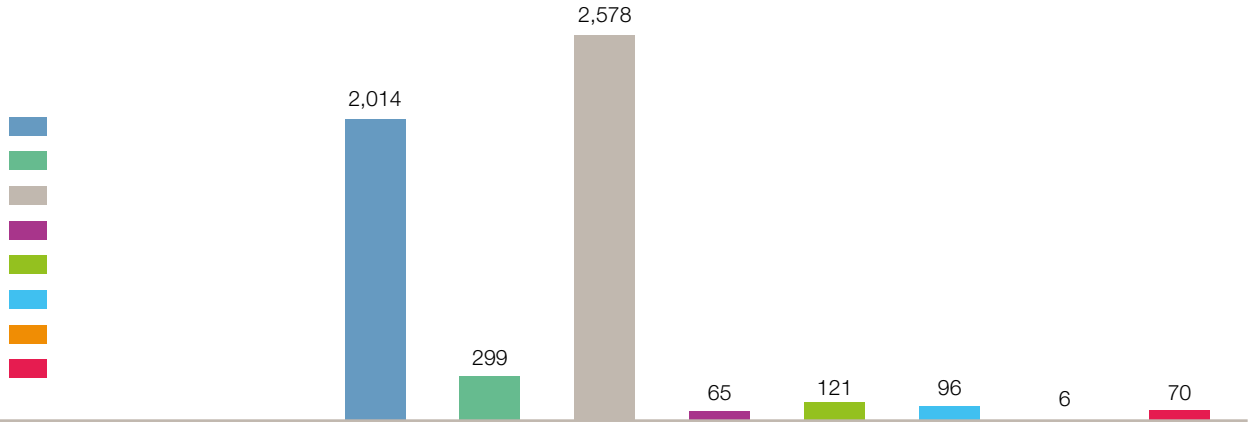
FCC Medio Ambiente Main Contracts Awarded in 2015

Province	Contract	Awarding body	Winning company	Total amount awarded	Duration (years)
Granada	Waste Treatment in the province of Granada	Granada Provincial Council	Fomento de Construcciones y Contratas S.A.	567,908,074.00 €	25
Álava	Municipal solid wastes (MSW) collection and street cleaning Vitoria	Vitoria City Council	Joint Venture MSW LV Vitoria Gasteiz	165,965,809.00 €	8
Barcelona	Sewage system Barcelona 15	Barcelona City Council	Fomento de Construcciones y Contratas, S.A.	94,101,837.53 €	8
Guipúzcoa	San Sebastián street cleaning	San Sebastián City Council	Joint venture Donostiako Garbiketa	48,553,243.80 €	4
Las Palmas	Lighting maintenance in Puerto del Rosario	Puerto del Rosario City Council	Joint Venture FCC-Imesapi	43,076,594.56 €	20
Madrid	Transfer and treatment station in the south municipal area	South Municipal Area	Fomento de Construcciones y Contratas, S.A.	33,982,497.12 €	4
Barcelona	MSW collection and street cleaning in Montcada i Reixac	Montcada i Reixac City Council	Fomento de Construcciones y Contratas, S.A.	28,432,825.28 €	8
Barcelona	MSW collection and street cleaning and sewage maintenance in Cornellà de Llobregat	Cornellà de Llobregat City Council	Fomento de Construcciones y Contratas, S.A.	26,868,622.80 €	4
Valencia	North Valencia Gardens 2015	Valencia City Council	Fomento de Construcciones y Contratas, S.A.	24,535,904.82 €	4
Las Palmas	Side loading of MSW for Las Palmas City Council	Las Palmas de Gran Canaria City Council	Fomento de Construcciones y Contratas, S.A.	19,922,315.76 €	8
Barcelona	Lighting maintenance in Sabadell	Sabadell City Council	Enllumenat Joint Venture Sabadell	16,885,927.13 €	7
Barcelona	MSW collection and street cleaning and recycling centre	Sant Quirze del Vallès City Council	Fomento de Construcciones y Contratas, S.A.	13,892,688.72 €	8
Guipúzcoa	Waste collection in the Sasieta Municipality	Sasieta Municipality	Urban Waste Collection Sasieta Joint Venture	13,567,661.12 €	4
Barcelona	Maintenance of the Infraestructures Mec-14L04 building. Plots 7, 11, 15, 16, 20, 21 and 22.	Gestió d'Infraestructures, S.A.	ICAT Joint Venture, Lots 11, 20 and 22 / Joint Venture Maintenance of the Infraestructures Building, CAT, Lots 7 and 15 / Fomento de Construcciones y Contratas, S.A. Lots 16 and 21.	12,010,003.57 €	3
Barcelona	Cleaning of municipal buildings in Mataró	Mataró City Council	SELSA - Servicios Especiales de Limpieza, S.A.	10,913,787.54 €	4
Balearic Islands	MSW collection - Llucmajor	Llucmajor City Council	Fomento de Construcciones y Contratas, S.A.	8,787,727.00 €	10
Malaga	Garden maintenance in Benalmádena	Benalmádena City Council	Fomento de Construcciones y Contratas, S.A.	8,422,054.92 €	4
Guipúzcoa	Cleaning of municipal buildings in San Sebastián	San Sebastián City Councill	Fomento de Construcciones y Contratas, S.A.	8,335,689.47 €	2

Province	Contract	Awarding body	Winning company	Total amount awarded	Duration (years)
Asturias	MSW collection and street cleaning for Ribadesella City Council, Asturias	Ribadesella City Council	Fomento de Construcciones y Contratas, S.A.	8,125,995.00 €	12
Lérida	Urban Waste Collection and Landfills Garrigues	Garrigues County Council	Jaume Oro S.L.	7,320,057.00 €	10
Valencia	Street cleaning and MSW collection in Alboraya	Alboraya City Council	Fomento de Construcciones y Contratas, S.A.	6,739,546.08 €	8
Lérida	Recollida Mollerussa	Pla d'Urgell County Council	Fomento de Construcciones y Contratas, S.A.	6,170,615.16 €	12
Balearic Islands	Cleaning of schools (Palma). Lot 2 - SELSA 15	Palma de Mallorca City Council	SELSA - Servicios Especiales de Limpieza, S.A.	5,764,402.08 €	2
Álava	MSW landfill operation in Gardelegui	Vitoria City Council	Gardelegui III Landfill Joint Venture	5,500,950.00 €	6
Vizcaya	Beach cleaning in Vizcaya	Vizcaya Provincial Council	Playas Vizcaya Joint Venture	5,288,206.00 €	3
Balearic Islands	Cleaning of municipal offices. Lot 1- SELSA 15	Palma de Mallorca City Council	SELSA - Servicios Especiales de Limpieza, S.A.	4,450,794.89 €	2
Castellón	Cleaning of schools in Castellón	Castellón de la Plana City Council	Fomento de Construcciones y Contratas, S.A.	3,953,027.80 €	2
Álava	Sewage system in Vitoria-Gasteiz	Aguas Municipales de Vitoria S.A. AMVISA	Joint Venture, Vitoria Gasteiz Sanitation	3,692,859.15 €	4
Balearic Islands	MSW collection, street cleaning, garden maintenance in Alaior	Alaior City Council	Fomento de Construcciones y Contratas, S.A.	3,435,102.56 €	4
Zaragoza	Closing of General Motors landfill	General Motors España, S.L.	Fomento de Construcciones y Contratas, S.A.	2,626,993.98 €	31
Las Palmas	Cleaning and maintenance of side-loading containers. Las Palmas City Council	Las Palmas de Gran Canaria City Council	Joint Venture, Contenedores Palms	2,470,915.60 €	4
Barcelona	Maintenance of park and garden furniture 15. Lot 1.	Municipal Parks and Gardens Institute, Barcelona	Fomento de Construcciones y Contratas, S.A.	2,375,806.29 €	3
Tarragona	Cleaning buildings in El Vendrell	El Vendrell City Council	SELSA - Servicios Especiales de Limpieza, S.A.	2,248,942.46 €	4
Valencia	Cleaning buildings in Alboraya	Alboraya City Council	SELESA - Servicios de Levante, S.A.	1,811,738.72 €	4
Málaga	Sewage cleaning in West Malaga	EMASA-Empresa Municipal de Aguas de Málaga, S.A.	Fomento de Construcciones y Contratas, S.A.	1,721,316.64 €	2
Castellón	Cleaning buildings in Castellón	Castellón de la Plana City Council	SELESA - Servicios de Levante, S.A.	1,559,802.30 €	2
Málaga	MSW collection, street and general cleaning at the port of Málaga	Málaga Port Authority	Fomento de Construcciones y Contratas, S.A.	1,508,879.04 €	3
Balearic Islands	Beaches in Menorca - 15	Menorca Island Council	Fomento de Construcciones y Contratas, S.A.	1,434,402.15 €	2

Number of municipalities covered

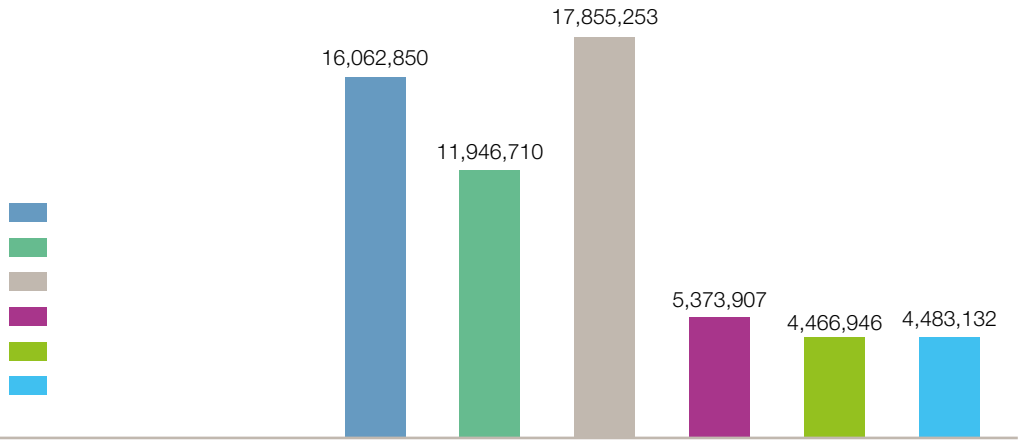
Waste collection	2,014
Street cleaning	299
Treatment and elimination of MSW and similar materials	2,578
Maintenance of parks, gardens and green areas	65
Sewerage network	121
Beach cleaning	96
Cleaning and maintenance of ornamental fountains	6
Cleaning of buildings	70
Summary of number of municipalities covered*	**3,583**



* If several services are provided in the same municipality, the municipality is only counted once.

Population covered

Waste collection	16,062,850
Street cleaning	11,946,710
Treatment and elimination of MSW and similar materials	17,855,253
Maintenance of parks, gardens and green areas	5,373,907
Sewerage network	4,466,946
Beach cleaning	4,483,132
Summary of population covered (total inhabitants)*	**28,008,468**



* If several services are provided in the same municipality, the population covered will only be counted once.

Waste treatment

The public service management contract for the treatment of municipal waste in the province of Granada

Fomento de Construcciones y Contratas, S.A. has been awarded the public service management contract for the treatment of municipal waste in the province of Granada and the execution of a series of works related to said management for a period of twenty-five years. The volume of business associated with the contract will be approximately 568 million Euros.

The service includes the operation of the following facilities:

- Transfer plant in Alhama.
- Transfer plant in Almuñécar.
- Transfer plant in Baza.
- Transfer plant in Cádiar.
- Transfer plant in Guadix.
- Transfer plant in Huéscar.
- Transfer plant in Iznalloz.
- Transfer plant in Loja.
- Transfer plant in Montefrío.
- Treatment plant in Alhendín "Ecocentral Granada". This mechanical-biological treatment facility will treat approximately 370,000 tonnes per year of waste.

  The service also includes the execution of the following works and activities:

  – Implementation of a new controlled landfill.
  – Installation of access scales to the controlled landfill.
  – Installation of a platform to repair the feeder grappler arms on the selection and classification lines.
  – Construction of a warehouse.
  – Construction of a warehouse for the closure of the reception pits.
  – Construction of a workshop-warehouse-storage area.
  – Construction of a workshop-warehouse.
  – Construction of a building for central offices.
  – Installation of equipment for automatic composting.
  – Sealing of the current controlled landfill.
  – Degasification of the current controlled landfill.

- Treatment Plant in Vélez de Benaudalla. This mechanical-biological treatment facility will treat approximately 60,000 tonnes per year of waste.

  The service also includes the execution of the following works and activities:

  – Enlargement of the leachate basin.
  – Construction of a leachate treatment plant.
  – Acquisition of a primary crusher.
  – Construction of a new controlled landfill.
  – Sealing of the current controlled landfill.
  – Degasification of the current controlled landfill.
  – Enlargement of the existing offices.





The Gardélegui solid waste landfill in (Vitoria, Álava).

Public Service Management Contract for the operation of the Gardélegui solid waste landfill in (Vitoria, Álava)

The Joint Venture Gardélegui III Landfill founded by the companies Fomento de Construcciones y Contratas, S.A. and Yarritu, S.A. has been awarded the Public Service Management Contract for the operation of the Gardélegui solid waste landfill in Vitoria, for a period of six years, which will be renewable for a further two years. The volume of business associated with the contract will be approximately 5.5 million Euros.

Around 100,000 tonnes of waste are deposited in this landfill every year. It has a controlled landfill with two independent landfill basins for non-hazardous waste and another for inert waste.

Public Service Management Contract for the operation of the installations for the transfer and disposal of household waste in the Madrid Autonomous Region assigned to the group of Southern Municipality

Fomento de Construcciones y Contratas, S.A. has been awarded the Public Service Management Contract for the operation of the facilities for the transfer and disposal of household waste in the Madrid Autonomous Region assigned to the group of Southern Municipalities for a period of four years, renewable for a further two years. The volume of business associated with the contract will be around 36 million Euros.

The service includes the operation of the following facilities:

- Transfer Station in Leganés.
- Transfer station in Las Rozas.
- Transfer Station in Colmenar de Arroyo.
- Transfer Station in Colmenar de Oreja.
- Post-closure maintenance of controlled landfill in Colmenar de Oreja, already closed.
- Controlled landfill in Pinto.

  This is a landfill for non-hazardous waste in which approximately 720,000 tonnes of waste are deposited every year from municipalities in the Southern part of the Madrid Autonomous Region.
- Waste collection point attached to the facilities of the controlled landfill in Pinto.

International Environment Division

Turnover:

1,319.3 million euros

(an increase of 8.6% over 2014)

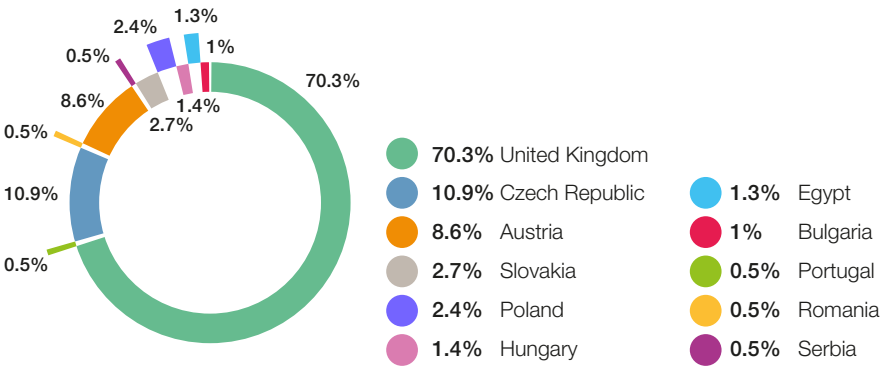
Turnover and Geographical Distribution

The International Environment division has permanent presence in eleven countries: United Kingdom, Austria, the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria, Serbia, Portugal and Egypt.

Furthermore, the division is analysing opportunities and developing projects in new countries in Europe, America and the Middle East.

In 2015 the turnover for the first time ever, has passed the threshold of 1,300 million euros. At the same time, the order book at the end of the year amounted to 4,346.8 million euros.

International Environment Division - 2015 Turnover Geographic Location



Contracts in 2015

During 2015, the International Environment division was awarded 47 tenders for municipal solid waste (MSW) collection services, selective collection, transport, treatment, disposal, street cleaning, recovery of contaminated soils and maintenance of parks and gardens, distributed geographically as follows:

United Kingdom (FCC Environment UK)

New contracts and firm renewals of municipal contracts:

- Tender contracts awarded: **16**
- Contract portfolio: **166.9** million euros

New contracts and contract renewals for commercial and industrial waste and short-term contracts:

- Contract portfolio: **261.2** million euros

Provisional awards of municipal contracts:

- Tender contracts awarded: **4**
- Contract portfolio: **696.9** million euros

Central and Eastern Europe (FCC Environment CEE)

New contracts and firm renewals of municipal contracts:

- Tender contracts awarded: **39**
- Annual turnover: **24.1** million euros
- Contract portfolio: **62.4** million euros

New contracts and contract renewals for commercial and industrial waste and short-term contracts:

- Contract portfolio: **404.9** million euros

Portugal (FCC Environment Portugal)

New contracts and firm renewals of municipal contracts:

- Tender contracts awarded: **6**
- Contract portfolio: **0.6** million euros

Provisional awards of municipal contracts:

- Tender contracts awarded: **2**
- Contract portfolio: **6.6** million euros

Most significant events in 2015

- **Construction and development work at the incineration plant in Buckinghamshire (UK)**

  The Buckinghamshire incineration plant, under construction since September 2013, is scheduled to become operational on 1 April 2016. With a treatment capacity of 300,000 tonnes per year, it will serve a population of more than 478,000 people and will generate more than 187,000 megawatts/hour per year, equivalent to the consumption of 37,000 homes.

- **Construction and development works for the incinerator in Herefordshire and Worcestershire (United Kingdom)**

  The Worcestershire and Herefordshire incineration plant, which began construction in June 2014, is scheduled to be operational in March 2017. With a treatment capacity of 200,000 tonnes per year, it will serve a population of more than 700,000 people and will generate more than 160,000 megawatts/hour per year, equivalent to the consumption of 31,000 homes.

- **Change of brand name in Central and Eastern Europe and Portugal**

  .A.S.A. now adopts the global brand name FCC Environment CEE and will continue to be the development platform for the Environment division in Central and Eastern Europe. Focsa Serviços adopts the brand FCC Environment Portugal.



Incineration plant in Buckinghamshire (UK).

- **PPP (public-private project) contract for the treatment and disposal of waste in Edinburgh and Midlothian (United Kingdom)**

  Contract in the negotiation phase after the provisional award in December 2014 for the construction and operation of a 150,000-tonnes-per-year waste incineration plant which will treat waste in Edinburgh and Midlothian and generate over 103,000 megawatts/hour year. This 25-year contract entails a construction project pipeline of more than 654 million euros that will serve more than 575,000 people.

Most significant contracts awarded in 2015

United kingdom (FCC Environment UK)

- **Contract for collection and street cleaning with the Harborough Municipalities Association**

  Contract awarded in 2008 for a period of seven years, with the possibility of extending it for another seven years. This condition will be effective from 1 April 2016, under the agreement reached by FCC Environment and the Harborough City Council. The contract covers a population of 88,000 inhabitants and the contract entails a pipeline of work amounting to more than 39 million euros.

- **Contract for treatment and disposal in Norfolk**

  In November 2015, FCC Environment was awarded the contract for treatment and disposal of municipal waste in Norfolk covering the treatment of one to 100,000 tonnes per year, for a period of four years. To do this, the mechanical treatment and recycling plant will be expanded to 100,000 tonnes per year. The contract covers the provision of services to more than half of the county's population (870,000 inhabitants) and the contract entails a pipeline of work amounting to more than forty million euros.



- **Contract for collection with the South Ribble City Council**

  Contract awarded for a period of seven years, with the possibility of extending it for another seven years. The population served totals 102,000 inhabitants and the contract entails a pipeline of work amounting to more than eleven million euros.

- **Contract for management of recycling centres with the Torfaen City Council**

  Contract awarded for a period of seven years, with the possibility of extending it for another three years, for managing and meeting the Torfaen City Council's recycling objectives. The population served totals 100,000 inhabitants and it entails a pipeline of work amounting to seven million euros.

- **Contract for treatment and disposal with the Thurrock City Council**

  Contract awarded to FCC Environment for a period of nine years for the removal of municipal solid waste in the Allington incinerator. The contract began in September 2015 and the contract entails a pipeline of work amounting to 34 million euros. The population served amounts to 160,000 inhabitants.



Incineration plant in Zisterstorf (Austria).

Central and Eastern Europe (FCC Environment CEE)

- **Contract for collection and street cleaning contract with the Sofia City Council (Bulgaria)**

  Contract awarded to FCC Environment CEE for collection and street cleaning in three districts of the city of Sofia for a period of five years. The contract, with a pipeline of work amounting to over twenty-three million euros, began in June 2015 and serves more than 85,000 inhabitants. This service has been provided by FCC Environment CEE (formerly .A.S.A.) since 2010.

- **Contract for the recovery of contaminated soils (Kamennolom SRDCE project, Slovakia)**

  Award by Slovakia's Ministry of Environment of the contract for the recovery of soil contaminated by petroleum wastes from the former Apollo refinery for a period of one year. This contract entails a turnover of 0.8 million euros and is a continuation of the contract awarded in 2014.

- **Contract for collection and transport with the Myszkow City Council (Poland)**

  Award of the contract for collection and transport with the Myszkow City Council which began in July 2015 for a period of four years. The population served totals 32,000 inhabitants and the contract entails a pipeline of work amounting to more than three million euros.

- **Contract for collection with the AWS Schwechat Municipalities' Association (Austria)**

  Extension of the contract for collection with the Schwechat Municipalities' Association for a period of one and one-half years from July 2015. The population served totals 60,000 inhabitants and the contract entails a pipeline of work amounting to more than two million euros.

- **Contract for the recovery of contaminated soils (Heliodromus project, the Czech Republic)**

  Contract for the recovery of soil contaminated by petroleum wastes for a period of one year. This contract entails a pipeline of work amounting to 2.5 million euros.

Portugal (FCC Environment Portugal)

- **Contract for collection and transport with the Douro Superior Municipalities' Association**

  Award of the contract for collection and transport with the Douro Superior Municipalities' Association for a period of five years. The population served totals 40,000 inhabitants and the contract entails a pipeline of work amounting to 3.6 million euros.

- **Contract for street cleaning with the municipality of Oeiras**

  Award of the contract for street cleaning with the Oeiras City Council for a period of five years. The population served totals 40,000 inhabitants and the contract entails a pipeline of work amounting to three million euros.

Technological Innovations

Within the framework of the process to achieve the goal set by FCC in 2006, which was to develop a vehicle that is fully electrical in its operation for all uses, during 2015 FCC successfully completed the project entitled "study, analysis and development of new technologies in hybrid and electric engines for the MSW collection truck", launched in January 2014. It employs hybrid technology using ultra-capacitors instead of batteries, devices that are capable of sustaining a high energy density compared with normal capacitors, offering a capacitance one thousand times higher than regular capacitors.

These devices are one of the most important lines of research in the development of means of transportation due to their energy efficiency, allowing, compared with batteries, a better discharge during the acceleration of the vehicle, in addition to achieving a greater amount of regenerative energy recovery when braking.

In 2014 the technical specifications were defined, the adaptation of the body to the new chassis was developed, and the manufacturing of the vehicle began. As a follow up to the above activities, in 2015 the integration of the chassis of the electrical traction and energy storage systems (ultra-capacitors) was completed. These systems were installed successfully on a used chassis.



Ultra-capacitor vehicle for MSW.

Once the electrification of the chassis was finished, the necessary adaptations were made on the body, and finally the vehicle body was installed, its construction was complete and the vehicle was ready for validation and approval.

The works carried out have made it possible for FCC to have a new electric-hybrid vehicle for waste collection at the end 2015. This project will increase the competitiveness of the company, which will have a new environmentally friendly technology at a competitive price.



Electric sweeper.

100% electric sweeper with a two-cubic-metre capacity

After several years of collaboration in the development of the joint project between Bucher and FCC, a self-propelled, two-cubic-metre-capacity suction sweeper has been tested, which is one hundred percent electric. After three years of work and development, in 2015 the first tests were performed under real conditions of this electric sweeper in the Madrid street cleaning contract.

The inclusion of electrical machines for this type of sweeping service was mainly in urban areas, providing a series of very clear advantages compared to traditional fossil-fuel technologies. It will be the type of machine that will dominate in this type of applications, both in the immediate future and in the long term. Thanks to the joint collaboration project between Bucher and FCC, today the sweeper has become a reality.

The main advantages compared to the fossil-fuel sweeper are:

1. Zero emission of polluting gases since it is 100% electric. This aspect is fundamental, it is increasingly required by administrations due to increased awareness of gas emissions in societies and the growing perception of pollution as a threat to the health of citizens in large cities.
2. Minimum noise emissions, with a very large decrease of noise with respect to the fossil-fuel sweeper. Thanks to its electric drive, both the conventional combustion engine and the hydrostatic transmissions for the engine traction can be removed, greatly reducing noise emissions. This aspect is essential in view of the scope of the urban work of the machine.
3. Energy saving. Thanks to greater efficiency in the electrical systems huge energy savings have been achieved with a more sustainable use of the machine throughout its life, leading also to significant cost savings.

All the above characteristics are achieved while maintaining the features and performance of a conventional sweeper. Otherwise the project would not be viable.

The successful implementation of the tests carried out in Madrid were an important milestone for this project. After the final adjustments, the fine-tuning will be carried out and in 2016 the sweeper will be used in a service contract.

Fixed installations

As in previous years, FCC continued designing and introducing measures aimed at the improvement of energy efficiency and the development of renewable energy in its facilities. The transformation to electricity generation LED lighting is one example.

Vision Project

FCC continues with Vision Project ("Advanced Solution for the overall management of all the processes in the Environment contracts: Vision Project") within its commitment to technological innovation. Initiated in 2010, the progressive deployment of contracts for environmental activity is ongoing, progressively incorporating new technologies and providing services to new activities.

Maintaining a platform that is made up of a combination of *hardware* and *software* allows the Group to have a tool with centralised resources, secure access and data protection, offering a high availability of service.

As a global platform that is enriched with new features, development processes are reduced, as well as deployment and training, representing a huge advantage in both cost and efficiency.

In 2015 a further step was taken with the implementation of new aspects:

- Sewerage management: network inventory, sequential organization of cleaning, historical performances.



Vision Project.

- Attendance and work control: attendance management for staff with mobile devices, integration of external control systems, monitoring of hours worked, scheduled, invoiced, etc.
- Waste management: inventoried items (containers, bins, etc.), route design and testing, validation of inventories. Mobile application for fieldwork (inventory, maintenance, etc.).
- Support for efficient energy management: consumption data capture of all types of energy (meters, bills, cards), comparative analysis, historical tracking. This is a basic development in order to obtain the ISO 50001 certificate in every company activity.

vision
smart environmental services

- Publication of data integrated with geographical criteria. Data integration service (cleaning, collection, services) with the inventory data to facilitate analysis and comparisons. Widespread access from the web platform and mobile devices.
- Data integration with city council land registries for the deployment of the collection service in Orange County (Orlando, USA). All plots of land have been integrated (alphanumeric and graphic) into the land register. The integration of this section with other systems has enabled the development of the procedure for defining routes, system integration, tracking of lifting and billing processes in record time.
- Expansion of communication processes between systems. Given the widespread use of web and exchange services, configurable tools have been defined that allow the definition of communication gateways, for both data publication and the receipt of same, in real time and without the need for new programming versions.

The following milestones are planned for 2016:

- Management efficiency of the new electric vehicles designed by the Group. Sewerage trucks are put into operation that are one hundred percent electric, these must have sufficient energy for a full day's work. It is also essential to manage processes and battery charge times.
- Data management to analyse efficient driving associated with the various services we provide. Parameters can be customised for each service to define efficiency in driving with the aim of reducing energy costs and maintenance.
- Optimization of the information of the recruitment cycle: studies, presentations, portfolio of contracts, market analysis, etc.
- Automation of readings of energy consumption mainly through the deployment of smart meters.
- Integration of compliance control and legal and environmental aspects.
- Centralization of the documentation associated with workers regarding their education, training, prevention, etc.
- Control of cleaning and maintenance work of buildings. Incorporate the inventory systems, job control and deployment of mobile devices in this branch of activity.
- Optimization of the design of the platform to facilitate access from the new devices.

Sustainability: Progress and Results

The approval and launch of the seventeen Sustainable Development Goals (SDG) of the Global Compact and the signing, last December, of the COP 21 Paris Agreement, figured as the two key events in 2015 that will set the agenda for sustainable development at international level. Among the many objectives of both events is the role of public-private collaboration aspiring to have more sustainable, resilient, inclusive and secure cities.

In addition, in 2015 the tenth anniversary was celebrated of the launch of the first initiatives to encourage and promote, within FCC Medio Ambiente, the sustainable and responsible environmental character of the activities and services provided to customers.

Looking back in this way allows us to assess how, through the goals achieved and goals still to be realized, it is possible to tune in with the realities and challenges of mitigation and adaptation to the effects of climate change and to take part in these new challenges, implementing and promoting good practices whose benefits will be reflected at local level in the cities and with their citizens.

In the current context of change toward a model of sustainable urban development, opportunities emerge to progress and consolidate positions.

Thus, during the past year FCC Medio Ambiente requested for the second time the registration of the Carbon Footprint of the Company as well as the follow-up report of the GHG (Greenhouse Gases) Emissions Reduction Plan, as submitted in 2013, in which the objectives regarding the reduction of GHG emissions from municipal solid waste landfills were set out. This tool, associated with the life cycle of the organization (and more specifically to its energy metabolism), expresses in terms of GHG emissions reduction the result of the measures undertaken by the Organization to combat climate change.

In the recently awarded contracts it has committed to a range of services that support the green growth of the city, allowing the implementation of an environmental advice service. This service uses tools to calculate the intensity indicators and the carbon footprint that will be used to improve the various sustainability indexes agreed with customers, thus ensuring a quality environment for all sectors of the urban population.

The integrating dimension of sustainable development of an organization dedicated to the management of services with a strong environmental component, and almost exclusively committed to contributing to the welfare of citizens, must count on the dedication of each and every one of its collaborators. To this end, a training programme with actions to promote responsible environmental behaviour throughout the entire operational chain has been designed and implemented. This initiative is also a solidarity objective to be added to the project, "1 million commitments for the climate", launched by the Ministry of Agriculture and the Environment and the ECODES Foundation, with a view to celebrating the climate summit in Paris.

Sustainability, resilience, responsibility and social inclusion take up an increasingly greater role in the planning and management of cities. To address these new challenges, public institutions count on the collaboration of private enterprises for their response capacity in the form of design and development of urban social and environmentally responsible services. This step is being taken gradually from the Environment Division to accompany the responsible transition and to meet these new expectations and facets of public procurement.

Quality, Occupational Risk Prevention and Training

Quality and Environmental Management

Management System Documentation

The provision of certain services of urban sanitation is one of the main activities of FCC. This is why the Company is always concerned about meeting the needs or requirements set out by customers, in addition to legal or regulatory obligations that affect the activities performed and in particular those related to the interaction with the environment and energy efficiency. To do this, the Environment Department has implemented a management system based on UNE-EN ISO 9001: 2008, UNE-EN ISO 14001: 2004, UNE-EN ISO 50001: 2011, UNE 187004: 2008 and Regulation 1221/2009 EMAS III, through which environmental performance, energy and the quality of the organization will be managed, in order to provide services in a way that is satisfactory for the clients and to create internal confidence that is developed in accordance with the regulations and internal documentation.

During 2015 there have been no substantial changes within the management system.

Management System Certification

With regard to the annual certification process:

– AENOR has performed the external audit of the management system of the Environment Department based on UNE-EN ISO 9001: 2008 and UNE-EN ISO 14001: 2004, in the period from 16 April to 8 May 2015. During the course of the same period, five of the departments of central services and various contracts from ten branch offices have been audited. In the central services the management, quality and environmental control, purchases, machinery and design processes were audited, as well as training, legal requirements and assessment of their compliance. In branch offices contracts, the operational and service delivery processes were audited in addition to the operational control and monitoring and measurement of environmental aspects.

In this process new companies have been incorporated into the certification of both standards and others have been removed in the absence of activity and the following certificates remain in force for 2015:

- Fomento de Construcciones y Contratas, S.A.
- FCC Medio Ambiente, S.A.
- Alfonso Benítez, S.A.
- Servicios de Levante, S.A.
- Servicios Especiales de Limpieza, S.A.
- Vigo Recicla, Joint Venture.
- Melilla Joint Venture.
- ECOPARQUE Mancomunidad del Este, S.A.
- Empresa Comarcal de Servicios Medioambientales del Baix Penedés, S.L. (ECOBP).
- Serveis Municipals de Neteja de Girona, S.A.
- Societat Municipal Mediambiental D'Igualada, S.L.
- Palacio de Exposiciones y Congresos de Granada, S.A.

The external audit of the management system of the Environment Department based on UNE-EN ISO 50001: 2011 has been performed from f 8 to 12 June 2015, expanding the scope of the certification of the contracts of the Catalunya II, Galicia and Murcia-Almería branch offices, in addition to the peninsular contracts of the Barcelona and the Balearic Islands branch offices that were already certified by the company:

Fomento de Construcciones y Contratas, S.A.

Likewise, the external audit for maintaining the certificate "*Q Tourist*" has been performed (according to the requirements of the UNE 187004) for the Palacio de Exposiciones y Congresos de Granada, S.A. on 4 and 5 May 2015.

The process of external validation of the environmental statements during May and June 2015 has meant that EMAS records generated (Community Regulation on Eco-Management and Eco-Audits) are maintained for the following branch offices:

- Barcelona (ES-CAT 000280) file 1994/0241/VM/02, on behalf of Fomento de Construcciones y Contratas S.A.
- Catalunya I (ES-CAT 000315) file 1994/0241/VM/03, on behalf of Fomento de Construcciones y Contratas S.A. for the contract for municipal waste collection, cleaning of the sewage system, and street cleaning, Urban Waste Collection, in L'Hospitalet de Llobregat.
- Levante I (ES-CV-000052) file 1994/0241/VM/04, on behalf of Fomento de Construcciones y Contratas S.A.
- Catalunya II (ES-CAT-000415), on behalf of Fomento de Construcciones y Contratas S.A. for the contract for Urban Waste Collection and street cleaning, Reus.

Certification of other systems of quality and environment management

In April 2015 an external audit was performed on the management system of the company Sistemas y Vehículos de Alta Tecnología, S.A. (SVAT) based on UNE-EN ISO 9001: 2008 and UNE-EN ISO 14001: 2004 standards, maintaining the existing certificates ER-0782/1997 and ES034080, respectively.

Occupational health and safety management

The Community Prevention Service of FCC Medio Ambiente, established on the twenty-third of March 2011, has been consolidated. Currently it covers 65 companies and has 37 full-time technicians in addition to thirteen coordinators per branch office.

In 2015 the Occupational Health and Safety Management certificate was renewed for the 65 companies included in the SPM FCC Medio Ambiente (ES14/16003), in accordance with specification OHSAS 18001:2007.

- Regulatory audits have been conducted (of a legal nature) on the following companies:
  - Geneus Canarias, S.L.U. (C-M-151220)
  - Joint Venture Pájara (C-M-151221)
- The AENOR certificates have been maintained, according to the "Healthy Company Model", in the Aragón-La Rioja and Soria (NO. IS-2015/0001), and Catalunya II (NO. IS-2013/002) branch offices.
- With regard to initiatives carried out by the Department of Occupational Health and Safety, the following can be highlighted:
  - The adoption and implementation of FCC Medio Ambiente 2015-2018 Road Safety Plan has been carried out, with participation in presentations and specialist workshops.
  - Advice, support and auditing has been provided for branch offices to promote the development of initiatives based on the "Healthy Company Model".
  - The implementation of the tool used to calculate the costs of accidents has continued.
  - A guide has been developed for the control of legionella, which establishes the tasks of maintenance, cleaning, disinfection, measurements and their frequency depending on the type of facility.
  - An ergonomic study was carried out for manual sweeping in the context of street cleaning, with the aim of detecting poor postures that may cause muscular-skeletal disorders associated with the tasks performed, as well as to propose preventive and corrective measures.
  - As a result of the previous point, ergo-records have been developed, in order to influence the training, information and awareness of workers through clear and concise messages on how to work safely in each task evaluated.
  - Absenteeism management plan FCC Medio Ambiente-FREMAP: the objective is to reduce absenteeism derived from common sickness and occupational accidents. For this purpose, we have established work guidelines for the mutual improvement of monitoring the processes.



Street cleaning service in San Sebastián (Spain).

Training

The 2015 Training Plan of FCC Medio Ambiente consists of a total of 702 training initiatives grouped by areas of knowledge such as machinery, maintenance, mechanics, gardening, cleaning of buildings and premises, street cleaning, driving, quality, MSW, technical, etc.

Through this Plan the progress of the employees and the company itself is promoted in such a way that it generates, specialises and updates their knowledge and skills. Given the diversity of the business and the dynamism that exists in the market, each year the needs of the workers are adapted in order to be able to cope with new projects, as well as to innovate working methodologies.

The basic objectives of the training during the year have been:

- To increase the qualifications of the employees thereby promoting their professional development.
- To contribute to the improvement of the quality and efficiency of the services provided by the employees.
- To ensure the updating of the professional staffs' knowledge and the continuous improvement of their qualifications, as well as to encourage them in their daily work and increase their professional motivation.

The preparation of this document is subject to the provisions of art. 15 of Royal Decree 395/2007 of March 23, through which the company makes available, to the legal representation of its workers, all the information required under said Article and that which is detailed below:

- Denomination, objectives and description of the actions to be developed.
- Target groups and number of participants per action.
- Schedule for implementation.
- Teaching means.
- Criteria for the selection of participants.
- Place where training initiatives will be held.
- Results of the training initiatives developed in the previous year.

The target groups for the implementation of this Plan are:

– Directors.
– Middle management.
– Technical staff.
– Skilled workers.
– Low-skilled workers.

In the area of occupational risk prevention, the activities are performed in compliance with the law, Royal Decree or prevention regulation applicable, according to the activity to which the course is addressed (first aid, road safety, handling of pesticides, training in prevention on the basis of the specific position of the worker, high and low voltage risks, work at heights, handling of machinery, driving, etc.).

Within the grouping, a total of 77 business entities are managed that provide employment to an annual average of 30,100 people. It should be noted that out of all of these companies, nine of them have an average workforce of more than 250 people; the rest range between 227 and 3 for an average workforce.

With regard to the implementation of training initiatives within the subsidised training, the most relevant data are the following:

- Training initiatives: 130 initiatives carried out. Of each of these initiatives there are a total of 653 organized groups.
- Trained workers: 5,109.
- Total hours of training: 104,043.

During this year, the consumption of credit has been 28%. The reason for this decrease in all our indicators is due to the new strategy established in the field of training.

With a view to 2016, appropriate measures have been taken for the correct development of the 2016 Training Plan. The management model is taken up through a *partner,* so it is possible to cover the needs of each contract in any of the FCC Medio Ambiente companies quickly and effectively, providing a complete and effective service to its customers.



Another goal that has been set for training is a new configuration of the 2016 Training Plan based on standard jobs types for each of the activities performed at FCC Medioambiente.

Training programmes per job type will be developed, which will identify the knowledge required both at a specific level as well as a cross-cutting level, comprising basic and additional training.

During 2015 a contract has been signed for Dual Training on a national level, which enables employees to get the corresponding Professional Certificates endorsed by the equivalent official certificate. Dual Training refers to all the training activities, whose goal is for employees to gain professional qualifications, combining teaching processes and learning at the Company and at the training centre. This type represents great advantages, for both workers and the Company.

In addition, the Group has collaboration agreements that promote professional practical training, providing students studying for official diplomas with the opportunity to do practical work placements in order to gain the necessary skills to enable them to join the labour market, in many cases within FCC.

FCC Ámbito

Sector analysis

FCC Ámbito operates in the industrial waste treatment and by-product recovery sector, and positions itself as a benchmark company for the circular economy. Its clientele is preferably private and linked to industrial activity.



Soil decontamination activity in Bailín, Huesca (Spain).

FCC Ámbito's domestic activity

In 2015, the previous year's trend was successfully maintained and the volume of waste and by-products received at FCC Ámbito's facilities located in Spain stabilised.

During 2015, the waste treatment plant in Getafe (Madrid), commissioned last year to adapt to the waste production situation in the area, operated at full capacity. Initially conceived as an industrial waste transfer/blending facility for energy recovery, the expansion incorporated equipment for treating other types of liquid waste. The treatment capacity for high organic load waste, the production of which is very significant in all its area of influence, was increased to 50,000 tonnes per year. This expansion has strengthened FCC Ámbito's offer of services in the city centre area, and is a further step in the strategic line of reducing transfer centres and concentrating on higher value-added facilities such as final treatment facilities.

During the year, Catalonia's Waste Agency renewed its contract with FCC Ámbito for the operation of the battery and lamp treatment and recovery facility in El Pont de Vilomara i Rocafort for the next five years, with the possibility of a two-year extension.

In addition, thanks to its extensive and complete network of facilities, FCC Ámbito remains the leading manager for companies with waste production facilities scattered throughout the country that want to simplify management and save costs by contracting a single manager.

As for waste disposal and management services, in 2015 the subsidiary TRISA successfully renewed the contract for the integrated management of hazardous and non-hazardous wastes for the next three years at the SEAT plants in Martorell, Zona Franca and El Prat de Llobregat in Catalonia. TRISA has been providing this service to the automobile manufacturers since the 1990s. In addition, the integrated waste management contract for all Saint Gobain Group plants in Catalonia and Aragón-La Rioja was also renewed. As part of these activities, it has also been awarded the contracts for collecting lamps in Catalonia, Valencia and Murcia for the Ambilamp Integrated Management System, and for the management of waste stored in public non-university educational facilities in the Autonomous Region of the Basque Country.

As for soil decontamination activity, 2015 saw the continuance of the previous year's positive trend, with the award of the contract for the emergency works involving additional activity after the transfer of the lindane landfill in Bailín, on-site decontamination work for Enresa at the Zorita nuclear power plant and the decontamination and removal of 44,000 tonnes of waste stored in the lagoon in Arganda (Madrid).

In Catalonia, FCC Ámbito was awarded the contract for the rehabilitation of the old Naftil chemical plant in the Zona Franca industrial estate (Barcelona) and the contract for cleaning a plot (BZ-2) also in the Zona Franca industrial estate (Barcelona) formerly occupied by SEAT. In the Basque Country, the cleaning of the River Zadorra riverbed where it passes through Trespuentes was finished, thus putting an end to the contract awarded for this purpose by the Basque Water Agency.

Also during 2015, FCC Ámbito SA was awarded contracts for two special projects consisting of managing the environmental liabilities that, in terms of waste and contaminated soils, were the responsibility of two industrial waste treatment plants abandoned by their former owners; one is located in Daimiel (Ciudad Real) and the other in Calasparra (Murcia). The scope of the contracted work includes the management of more than 15,000 tonnes of waste, mainly hazardous, and the study of the quality of the soil in the facilities responsible for them, in a combined area of 74,000 square metres.

FCC Ámbito's international activity

With regard to the United States, in early 2015 FCC Environmental Services began executing the biosolid waste management contract with the city of Houston (Texas).

In the same country, FCC was also awarded the contract for rubbish collection in Orange County, Florida for a period of ten years for an amount totalling around 90 million euros. The two zones awarded to this FCC subsidiary are home to a population of 350,000 that generate more than 100,000 tonnes of municipal solid waste per year.

Also in the United States, the Company was awarded a large contract for the construction and operation for a period of fifteen years, plus a possible ten-year extension, of a waste recycling plant with the city of Dallas, with a related business of 270 million euros. The plant will allow thousands of tonnes of different materials, such as paper, cardboard, plastics, metals, glass, etc., to be reintroduced into the production cycle with the consequent saving of raw materials. Both contracts are an important milestone in the development of business in the US, and open huge expectations for expansion in the world's leading market, in the field of both municipal waste collection as well as waste treatment.

As for Portugal, the operations of environmental liabilities allocated to the subsidiary Ecodeal have been an important input of waste which has made it possible to maintain the good results for another year. Because of this positive evolution of the activity, it has been necessary to bring forward the construction of a new landfill cell.



Orange County (US) trucks.

Innovation at FCC Ámbito

With regard to R+D+I activities, the work that was part of the RECO2VAL, designed to use waste with high calcium content to capture the CO_2 emissions from fertiliser manufacturing facilities, was finalised.

During 2015, FCC Ámbito has continued to follow up on all R+D+I opportunities related to the circular economy that have arisen and has maintained its research projects related to the recovery of by-products from recycling glass.

08 Water Management



Waste water treatment plant in Avila (Spain).



Water Management

Waste water treatment plant in Avila (Spain).

Sector Analysis
Domestic Market
International Market
FCC Aqualia Business Activity
Sustainable-Management-Based Iniative
Innovation at FCC Aqualia
Advances in the Management of Human Resources
Health and Safety, Important Aspects
Keys to Customer Service

Sector Analysis

During 2015, the water management sector has continued to occupy a particularly important place on the agenda of governments and local authorities, which recognise the strategic importance of a resource that is as scarce as water. The exponential increase of the human population and its concentration in large cities, the expansion of industrial and agricultural activity and an increased awareness of the potential risks of climate change are pushing many countries to undertake modernisation plans, both for their hydraulic infrastructure as well as their systems for managing and operating this infrastructure, with the primary aim of increasing its efficiency and capacity. In this global framework in the international arena, there are going to be business opportunities for companies specialising in integral water cycle management, though it is likely that the participation models will be modifications of those we know today.

The contribution of private companies to achieving universal access to water, established as a Millennium Development Goal by the United Nations, will be important not only because of their technological and management capabilities, but also because of their ability to attract funds for financing the development of new infrastructure and the maintenance of existing ones. This objective, in accordance with the UN's definition itself, forces governments to seek solutions to facilitate access to water for all inhabitants and they should contribute to the economic maintenance of the service in accordance with the conditions set by each country. In recent years, public authorities responsible for water management have reduced their predilection for models based on a concession model for the integral water cycle management service in favour of relying on models based on public-private participation under the BOT (build, operate and transfer) system for the construction of new infrastructure.

In those countries with sufficient budgetary capacity, the construction of new infrastructure continues to be addressed through construction contracts in addition to through the generation of new forms of procurement of operation and maintenance services based on the specific characteristics of each public administration. There are not that many companies who compete at national and international levels, so public tenders for both operation and maintenance services, either as BOT or concessions systems, rarely have more than five bidders.



Waste water treatment plant in Almeria (Spain).

FCC Aqualia's highly integrated service offer allows it to adapt easily to the different types of contracts proposed by public administrations. Its position as number six among water utility companies worldwide and third in terms of private equity firms, according to the Global Water Intelligence (GWI) ranking, allows it to compete on equal terms in any international tender in a market still led by the two big French utility companies.

In addition to the public administration as a reference customer, private industrial companies, especially in the mining, oil and gas sectors, are shaping up as major prospects for water utility companies, especially for those with the technological capability to address the complicated treatments required by water used in production processes.

Domestic Market

In the domestic market, in 2015, for the first time since the onset of the economic crisis, there has been a slight increase in sales volumes of water, especially in coastal areas which in recent years had been declining steadily.

In June 2015, the new municipalities, town councils, county councils and regional governments were formed in fourteen autonomous regions. The election results have resulted in a significant change in the political orientation of many local governments, with the incorporation of new parties under various electoral lists that are sometimes ideologically positioned as opposed to outsourcing the management of public services. This, together with some European currents advocating the return of the management of public services to the public sector (the European Parliament's *Right2Water* initiative) has generated a significant presence in the media of initiatives requesting the return of public services to the local government, especially Alcázar de San Juan, El Puerto de Santa María, Girona, etc.

As is usual in municipal election years, bidding for new contracts during 2015 was very limited at the local level, because during the period beginning with the announcement of the elections until new local governments were formed, there was a significant reduction in competences.

The central and regional governments are not offering large projects investing in water infrastructure for tenders either, in this case mainly due to the process of fiscal consolidation and debt reduction that these governments continue to apply, which increases the deficit in the renovation and expansion of infrastructure. By way of example, in the field of sewerage treatment, the average percentage of water treated with tertiary treatments (which allow for later reuse) in Europe reached 67%, while in Spain, the country with the greatest water stress in Europe due to its climate and hydrological characteristics, it should have a much higher level, yet it only reaches 60%.

Worthy of mention, however, are actions by the central government aimed at establishing an agile and efficient regulatory framework for this sector. The Ministry of Agriculture, Food and Environment drew up the first draft of the Water Sector Bill, although this has been delayed by the general elections. Also, in March the De-indexation of the Spanish Economy Act was approved and the Draft Bill on Public Sector Contracts is in the public information stage. The adaptation of concession periods, the review of the causes for claiming concession-related economic imbalances and the regulation of the system of tariff reviews in contracts will have effects on the sector, particularly as regards the solvency requirements for bidders. It is expected that these regulatory measures will enhance the increasingly necessary investments in the renovation of distribution networks and treatment facilities, which will lead to an increase in private water management in Spain, an activity that increasingly presents a higher technological level, accompanied by excellent quality service, aimed at ensuring a supply of clean, healthy water for human consumption.

The possibilities for future growth focus on several vectors. It is expected that small domestic and, especially, regional utility companies initiate divestment processes as they are unable to provide the technological and financial means required for this activity, given their small size. On the other hand, is likely in the next three years that there will be opportunities to participate in tenders for concessions currently managed by other operators. Moreover, the facilities operation and maintenance sector (waste water treatment plants and water treatment centres) will maintain a high level of tenders as they are not subject to the electoral cycle and, in general, are under regional, not local competence. Finally, given the improvement in the economic situation of municipalities and publically operated utilities, a slight upturn in tenders for lower value works, where the territorial presence of FCC Aqualia allows it to be very competitive, is expected. Lastly, the Company will continue to devote efforts to the development of *Smart Water* models (already under development in cities managed by FCC Aqualia, like Almería, Salamanca and Santander), which allows it to offer a competitive differentiation from other utility companies.

FCC Aqualia restructured its organisation in Spain in 2015, giving it a national management and three zones or regional structures within which are grouped, based on territorial criteria, all integrated water cycle activity (concessions, urban and industrial operations and maintenance, networks and technology). The outcome will be a concentration of efforts and an improvement in its market position.

International Market

Internationally, FCC Aqualia focuses its business activity on Europe, North Africa, the Middle East, India, North America and Latin America. At present, it has contracts underway in Portugal, Italy, the Czech Republic, Serbia, Bosnia, Montenegro, Kosovo, Poland, Algeria, Tunisia, Egypt, Saudi Arabia, Abu Dhabi, Qatar, India, Mexico, Uruguay and Chile.

In Italy, the establishment of the national regulator for determining tariffs based on the *full cost recovery* principle, is improving the perception of the business by investors in the market and will act as an incentive for new opportunities for public-private partnerships with local and regional authorities. In compliance with Community legislation on sewerage treatment, it will accelerate the use of EU funds to implement new infrastructure and rehabilitate or increase the capacity of existing infrastructure.

In Portugal, although the privatisation of the state water company announced in previous years seems to have been ruled out for the next few years, local governments are looking for solutions to improve their drinking water supply distribution and sewerage infrastructure. Among them, a government concession is presented as a suitable formula to be applied for this purpose within a highly experienced regulated legal framework. The presence in Portugal puts FCC Aqualia at the frontline for participating in the public tenders that are anticipated this year.

In North Africa, the desalination of seawater and sewerage treatment have emerged as business opportunities in the countries in which the company is already operating, such as Tunisia and Egypt. In particular, this year FCC Aqualia has been awarded the contract for the design, construction, operation and financing of the Abu Rawash wastewater treatment plant; with a capacity of 1,600,000 m^3/ day, which means it will be the largest plant on the African continent. Water scarcity in Egypt has caused the Ministry of Defence to put out tenders for large desalination plants for supplying the population on the Mediterranean and the Red Sea. Similarly, the expansion of the Suez Canal and the creation of new industrial and mining areas suggests that the demand for water for implementing these projects will continue to increase.

In the Middle East, where population growth in some countries has reached up to 8% annually, and where standards of living and quality of services are increasing, major water infrastructure projects have been announced but will progress slowly; in addition, at least in the short term, no restrictions are expected due to the drop in oil prices. In Saudi Arabia, the SWCC (Saline Water Conversion Corporation), which is responsible for water production in the kingdom, will implement a new desalination plan and the NWC (National Water Company), responsible for the distribution of drinking water to major cities, will finish one of the concession projects it has been designing for some years. Oman will continue to develop its desalination plan through public-private initiatives and the UAE is expected to launch operation and maintenance services contracts that, with the experience acquired in Saudi Arabia and Abu Dhabi, will be good business opportunities.



Hollow fibre membranes.

In India, regional governments have made the improvement of water supply and sanitation a priority, providing a major impetus to contracts for infrastructure construction and operation contracts that ensure an uninterrupted supply. Together with an important local partner, FCC Aqualia has already won two contracts of this kind. This will enable the creation of a platform for better knowledge of the country and for undertaking larger projects.

In North America, FCC Aqualia proposes the consolidation of the Mexican market, where it already has significant activity. The country's government is going to initiate a programme of activities aimed at improving municipal water supplies that will enable the company to increase its turnover. New desalination projects will develop in Baja California. The industrial sector may also play an important role in the development of FCC Aqualia in Mexico, both with regard to mining companies and to the PEMEX itself. This is a sector in which the company has started to operate recently with two contracts. In addition, FCC Aqualia has opened a sales office in the US as a bridgehead for entry into a market in which some states, just like Spain, have the problem of obsolete infrastructure, periods of drought, and debt-ridden local governments without the capacity for financing and great environmental requirements. An agreement has been signed with a construction partner in Texas for the implementation of desalination projects.

Lastly, in Central and South America, growth prospects for FCC Aqualia have increased significantly after the departure of FCC from the capital of Proactiva, an investee company with the French utility Veolia. In the short term, Colombia, Peru and Chile are the countries where there will be more opportunities, with some infrastructure programmes in Paraguay and Panama also being followed with interest. In this market, together with the opportunities identified in Mexico for the PEMEX oil company, contracts for the construction and operation of water treatment plants for mining and oil & gas companies are especially interesting. In Brazil, the plans for covering the supply and sewerage networks for all users in municipalities will act as a catalyst for new projects, along with the water management market launch of one of the utility companies belonging to Brazil's large construction companies, and will allow FCC Aqualia to position itself in the country in the short term.

FCC Aqualia Business Activity

In the domestic market, public tender activity has been underactive due to the various electoral processes in 2015, and there have been few opportunities for contracts, with the most significant new contract awards being as follows:

- Cangas (Pontevedra), concession for the integral management of the water service for a period of twenty-five years, with a contract of 74 million euros, awarded to a joint venture of which FCC Aqualia owns 70%.



Quality control of water.

- Villaviciosa (Asturias), concession for integral water service management for a period of eight years with a contract totalling 7.8 million euros.
- Madrid (Madrid), operation and maintenance service for the outlying sewerage networks managed by Canal de Isabel II Gestión S.A. (Lot 3-Culebro) for a period of three years and a portfolio totalling 17.6 million euros.
- Madrid (Madrid), operation and maintenance of certain sewerage treatment plants in the Cuenca del Alberche managed by Canal de Isabel II Gestión S.A. for a period of two years and a portfolio totalling 5.5 million euros.
- Madrid (Madrid), refurbishment of city service galleries (Lot 3) totalling 8.1 million euros, to be executed in 1.5 years (through the Conservación y Sistemas subsidiary).
- Vigo (Pontevedra), works for the renovation of the water supply and sewerage networks in several city streets totalling eight million euros, to be executed in eight months.
- Albuñol (Granada), project design and execution of works for the sewerage pipes and wastewater treatment plant for Andalusia's Environment and Water Agency, totalling 3.6 million euros and with an execution period of two years (through a joint venture owned 50% by FCC Aqualia).



New Cairo Wastewater Treatment Plant (Egypt).

Renewals and extensions on a national level include:

- Association of Municipalities of Cabeza de Torcón (Toledo), management of the water service from the point of capture agreed for a period of fifteen years with a portfolio totalling six million euros.
- Mocejón (Toledo), concession of the water and sewerage system service for a period of twenty-five years with a portfolio totalling nine million euros.
- Reinosa (Cantabria), concession of the water service for a period of ten years with a portfolio totalling 9.5 million euros.

- Association of Municipalities of Guajaraz (Toledo), management of water supply service from the point of capture and to the consumer and the sewerage system for a period of three years totalling seven million euros.
- Ibiza (Balearic Islands), water supply and sewerage management service for the city for one year totalling 8.2 million euros.
- In the international market, FCC Aqualia conducted significant activity in international tenders in different areas, including the following: within the European market, it was awarded the contract for the management of the sewerage and treatment service for Velké Losiny, in the Czech Republic, for a period of ten years through its subsidiary SmVaK; it participated in a tender for the first time in France for a contract for water and sewerage management services in Arlés and took part in tenders for sewerage and water treatment infrastructure works in Macedonia and Montenegro.
- In North Africa, FCC Aqualia was awarded, in consortium, the contract to design, build, finance and operate the Abu Rawash wastewater treatment plant in Egypt. This is the second BOT (*build, operate and transfer*) contract obtained in Egypt after the New Cairo contract, which is already under operation. This important award has a portfolio of 2,421 million euros to be executed over a period of twenty-five years.
- Similarly, in the Middle East, the company's presence continues to be strengthened as a result of the award, in consortium with a local partner, of the contract for the operation of wastewater treatment plants in Arana and Hadda in the region of Mecca, Saudi Arabia, for a period of three years and a portfolio totalling 17.9 million euros. Also in the same country, a contract award was obtained for the execution of the water networks affected by the construction of Lines 4 and 5 of the Riyadh Metro, for a total amount of 19.2 million euros.
- In Latin America, FCC Aqualia has maintained significant activity in tenders for the construction, financing and operation of water treatment infrastructure in Colombia, Mexico, Chile, Uruguay, Peru, Panama, Ecuador and Paraguay. In its international development strategy, and in accordance with the initiative for expansion in this geographical area, a subsidiary was created that is 100% owned by FCC Aqualia (FCC Aqualia Gestao Integrada de Agua LTDA) for the purpose of facilitating entry into water management projects in Brazil.
- Lastly, although FCC Aqualia gives priority to organic development, a growth path through the acquisition of companies, especially on an international level, is not to be ruled out.

Sustainable-Management-Based Iniative

Continuing the commitment undertaken by FCC Aqualia in 2014, in 2015 the carbon footprint for the activity related to the design and construction of treatment plants, purification and desalination of water and its ancillary facilities, developed by its subsidiary Aqualia Infraestructuras was calculated and the result recorded in the Ministry of Agriculture, Food and Environment's Carbon Footprint Registry on 21 April 2015 with code 2015_00_a062.

The greenhouse gases report drafted was prepared in accordance with the requirements of UNE-EN ISO 14064-1: "Greenhouse Gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" and with the sector reference *European Network of Construction Companies for Research and Development* (hereinafter ENCORD), in its May 2012 issue: "Construction CO_2 Measurement Protocol". This reference has obtained the "*Built on GHG Protocol*" logo, which makes it the sector guide on GHG (Greenhouse Gas) for construction.

Also during 2015, the greenhouse gas emissions calculation phase ended with the calculation of the footprint for the entire "Integrated water cycle management" activity (raw water conveyance, distribution, client management, sewerage and water treatment), carried out by FCC Aqualia. This calculation has been verified by AENOR and noted in the registry maintained by the Ministry of Agriculture, Food and Environment (MAGRAMA) on the 9th July with code 2015_00_a149.

One of the fundamental objectives of FCC Aqualia is continuous improvement through an integrated management system that includes both the management of the quality of processes, products and services as well as that of the environment, and publishes this kind of report in order to facilitate the verification of the GHG Inventory (Greenhouse gases), reporting on this in a transparent manner to its stakeholders.

The main objective pursued with this initiative is to:

- Understand and evaluate the organisation's GHG emissions in order to identify opportunities to reduce and/or offset its carbon footprint.
- Participate in voluntary GHG programmes.
- Have corporate GHG information.
- Improve the position with stakeholders, maintaining a responsible commitment to continuous improvement.

In this regard, during 2015 and as a result of collaboration between FCC Aqualia, the Botín Foundation, the Complutense University of Madrid, the Polytechnic University of Madrid, the University of Cantabria and the regional government of Cantabria's Department of the Environment, Cantabria's water footprint has been determined, the first of its kind ever conducted in Spain.

The new paradigms for the planning and integrated management of resources and the possible exchanges between different uses and qualities are conducive to carrying out a conceptual, segregated analysis that is somewhat different to the conventional one. The approaches based on virtual water and the water footprint facilitate this analysis and the determination of the most efficient and sustainable options for supplying water to citizens. Virtual water includes free water and water linked to the processes for producing goods or services. The water footprint of a territory is the entire real and virtual water used in that territory.

In addition to developing and implementing a specific work methodology, the objective of this project was to conduct a study of Cantabria's water footprint and to establish the impact of the use of water resources at the catchment basin, municipal and autonomous region levels. The relevant distinctions between green and blue water were made in an effort to identify possible trends of interest. Thus, it was possible to determine the impact of the consumption of water used in the goods and services produced and exchanged by Cantabria in order to determine the water footprint generated in the region based on the calculation of the virtual water consumed for each product, service or activity.

The study addresses a comprehensive view of water and the territory in order to clarify the relationship between blue water and green water and that among internal water, virtual water and the water footprint, and determines the corresponding values for each kind of water in the region and their flows.



The work carried out show that the water is not only a major natural capital for the region, but also a significant economic and social asset. This is suggested by the leading role played by green water and its importance in maintaining ecosystems, as clearly the export nature of the virtual water in the autonomous region of Cantabria, whose main exponent is the sale abroad of products associated with agriculture, livestock and the food industry.

Similarly, and in response to the entry into force on 5 December 2015 of EU Directive 2012/27/EU on energy efficiency, during this year FCC Aqualia agreed with AENOR an ambitious three-year adaptation plan for compliance with the directive that will allow the entire organisation to be ISO-50001 certified. Accordingly, during 2015 fifteen contracts were certified, with another thirty expected to be certified in both 2016 and 2017. The contracts chosen were contracts with a consumption of more than 1,300,000 kWh/year, which cover over 80% of the total consumption.

To meet the objectives established, a comprehensive control of energy monitoring is planned, supervising the installed capacity and the evolution of energy consumption in production facilities. To do so, FCC Aqualia's actions should be aimed at:

- Improving measurement.
- Calculating the energy performance of pumps.
- Optimising and improving production processes, facilities and equipment.
- Buying more energy-efficient equipment (RD 187/2011).
- Optimising the purchase of energy.
- Maintaining infrastructure.
- Improving the hydraulic performance of the network.

In 2015, FCC Aqualia published the ninth edition of its CSR Report, maintaining the 2014 editorial approach, but it also provided a brief "vision" at the beginning of each relevant chapter and emphasised the Company's new international territorial strategy, illustrating it with interviews with new *Area Managers* in which they shared forecasts for their respective areas.

In addition, the report highlighted the company's participation in all forums organised around human rights, as well as its participation in *Smart Cities*, innovation projects, Cantabria's water footprint, Aqualia Infraestructuras' carbon footprint and Lerida's energy efficiency.

Innovation at FCC Aqualia

In line with its strategic planning, innovation activity at FCC Aqualia was strengthened in 2015, with new European projects added to the three development areas: sustainability, quality and smart management.

This year five projects were completed. Called Idea Regenera (Andalusian regional government), Innpacto Downstream (Ministry of Economy and Competitiveness), Innova Impactar (Autonomous Region of Cantabria), Life Remembrane (European Union) and Urban Water (EU FP), and they produced the following results:

1. **Regenera,** co-financed by the Andalusian agency IDEA has developed, together with the University of Almería, the Cajamar Foundation and the SME Biorizon, a new way to create value from the biomass of algae in the form of bio-fertilisers.
2. ***Downstream*,** co-financed by the Ministry of Economy and Competitiveness's Innpacto programme, used the support of the University of Cadiz, ITC (Canary Islands Institute of Technology) and Tecnalia to improve the separation, processing and use of algae biomass as an energy source.
3. **Innpactar,** co-financed by government of Cantabria, and in conjunction with the University of Cantabria in Santander, has scaled a new, compact technology that enables the reuse of water in small urban centres.

4. The **Remembrane** project, 50% of which was subsidised by the EU's *Life* programme, has demonstrated a new way to recover reverse osmosis desalination membranes. Along with Leitat, Tecnoma, Ambicat and the Catalan Waste Agency, pilots were built in Denia and Talavera and the reuse of reconditioned modules from the Ibiza desalination water treatment plant in La Solana (Ciudad Real) was demonstrated. Other applications of the methodology developed and its commercial implementation are under development.

5. Within the ICT (Information and Communication Technology) cluster in the European FP 7 framework programme, FCC Aqualia was invited to coordinate the **UrbanWater** project. 55% of which was subsidised by the European Union. Together with twelve partners from eight countries, a platform of electronic applications for the control of water distribution networks was built and implemented in FCC Aqualia's operations in Almeria (Spain) and Janovice (the Czech Republic).

In 2015, six other multiannual research projects continued and will continue to be implemented during the following year.

In the area of sustainability, the implementation of two projects continues:

1. The European **All-gas** project (bioenergy production from sewerage treatment) enters its final phase of large-scale demonstration, allowing the processing of up to 5,000 m^3 of municipal effluent a day into biomethane for 35 vehicles.



A drone at work over the tank at Picayón, Oviedo (Spain).

2. The **Renovagas** (renewable natural gas generation process), financed by the Ministry of Economy and Competitiveness, also continues. Its aim is to develop a plant that produces synthetic natural gas from biogas via the methanation of hydrogen obtained from renewable sources.

In the area of quality, FCC continues with three European projects:

1. The **Life Memory** project, that demonstrates at the industrial prototype scale the technical and economic viability of an innovative technology: an anaerobic membrane bioreactor (SAnMBR), which allows the conversion of organic matter contained in wastewater into biogas. A reduction in energy consumption and CO_2 emissions of up to 80% is obtained, as well as space requirement of 25% less compared to conventional 'aerobic' wastewater treatment plants and a reduction of around 50% in the production of sludge.
2. **Life Biosol** (Biosolar water reuse and energy recovery), led by the French SME Heliopur, demonstrates a new biological and solar treatment of waste water in order to achieve water reuse and the recovery of gases and organic waste. The first prototype implanted in Centa (Seville) was completed.
3. **CIP Cleanwater** (Ecoproduction of HCLO for safe water disinfection by innovative ion exchange membrane), led by the French SME Ceramhyd, implements a new water disinfection technology for three applications: drinking water, desalination and reuse. The first device has been installed in the El Toyo wastewater treatment plant in Almeria, and the delivery of other pilots to Denia and Valdepeñas is being prepared.
4. In the area of smart management, the **Motrem** project was selected in the JPI European Water Initiative. Motrem, led by Rey Juan Carlos University in Madrid, along with three other universities in Finland, Italy and Germany, brings new technologies for the control and treatment of emerging contaminants (EC) into the current line of municipal wastewater treatment plants, with special emphasis on water reuse.

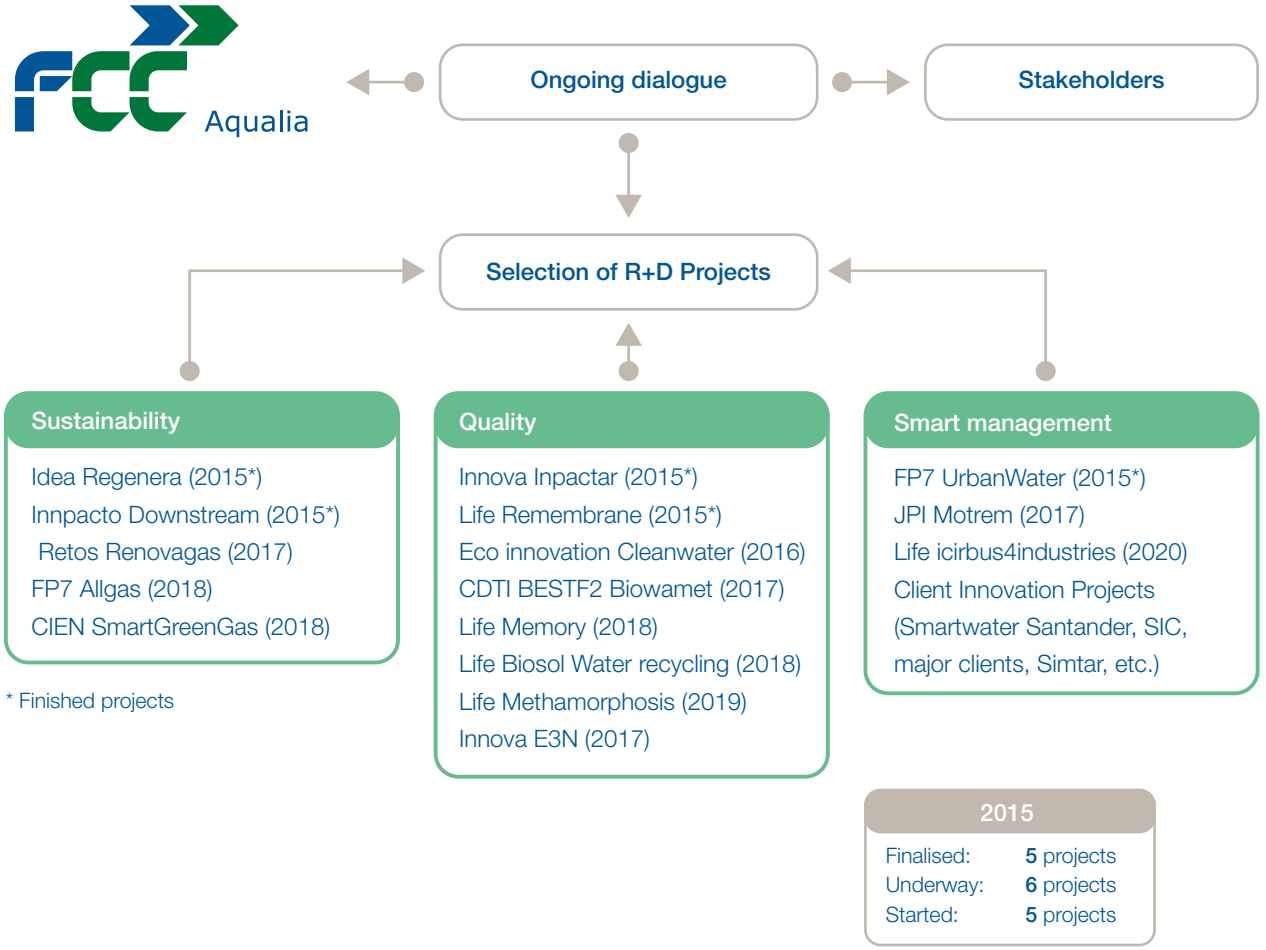
During 2015, FCC Aqualia initiated five new projects:

1. **CIEN Smart Green Gas.** In the programme of the CDTI (Centre for the Development of Industrial Technology) of the National Consortia of Business Research (CIEN) FCC Aqualia leads a consortium, which also includes Gas Natural, Naturgas/EDP, BiofuelCell, Ecobiogas and DimWater, to develop an efficient biomethane network production and management infrastructure. The first of the company's activities focused on controlling the quality of biomethane are at Jerez and Aranda del Duero. The total budget is EUR 8.3 million, with funding for 80% of the budget.
2. **Biowamet BESTF2.** In the European ERANET programme, the BWM project brings together Southampton and Delft Universities to create a synergy with the *Life Memory* project on anaerobic reactors with membranes that make it possible to obtain bioenergy from wastewater.
3. **Life Methamorphosis.** FCC Aqualia leads a consortium of six entities (Metropolitan Area of Barcelona, FCC S.A., Gas Natural, Icaen and Seat) to implement three newly developed technologies: AnMBR, the ELAN (autotrophic nitrogen removal) and a biogas washing system in the Besós Ecopark, managed by FCC. The final product would be biomethane that can be injected into the natural gas grid or used as car fuel. The total budget is 3.5 million euros, with 60% funded by the European Union.
4. **Innova E3N (energy efficient nitrogen removal).** As a continuation of the Innova Impactar project funded by the government of Cantabria, the pilot implanted in Santander's sewerage system for compact decentralised treatment plants will be optimised.

5. **Life Icirbus.** The *Innovative Circular Businesses (Icirbus)* project will demonstrate the reuse of waste from wastewater treatment plants as building materials and for the generation of bio-fertilizers in two FCC Aqualia plants in Extremadura. Led by the Intromac technology centre, it brings together eight companies with a total budget of 2.3 million euros, 60% of which is funded by the European Union.

Over the year, the FCC Aqualia team of researchers has been awarded three new patents on two key aspects related to the cultivation of algae: the configuration of the reactor *(LEAR: Low Energy Algae Reactor)* and the CO_2 enrichment system, to reduce the energy costs of operation (two European and one specifically Spanish):

- EP 13382470.6: *Open reactor for the cultivation of microalgae*
- EP 13178678.2: *Carbonation system for microalgae cultivation*
- P 201231485: Carbonation system for the cultivation of microalgae.



The company also presented the results of its research at some important scientific conferences and events:

- AEAS seminar held in Burgos from 28 to 30 April: presentation of the two most ground-breaking technologies from twenty proposals from all the water companies in Spain:
  - ELAN (autotrophic nitrogen removal) with the USC (University of Santiago de Compostela).
  - *Microbial Desalination Cell - Microbial desalination cells with the UAH (University of Alcalá de Henares) - Imdea.*
- IWA Leading Edge Technology 2015 held in Hong Kong from 30 May to 3 June 2015: the work of Friscos (ELAN online for industrial water) and Jerez as the location of the next XIII edition in mid-June 2016 (www.let2016.org) were presented.
- WEF (Water Environment Federation) has organized two events from 7 to 10 June 2015 in Washington DC (United States):
  - With the IWA on waste and biosolids.
  - With EWA and JSWA on water and energy.

  Five FCC Aqualia presentations on the cultivation and digestion of algae and the AnMBR reactors were chosen. The company was also selected to organise a workshop on AnMBR, and to chair the session on Anammox.
- In the Smart rUrban convention held on July 14, 2015 in Badajoz (Expoconferencia Ibérica) a paper entitled "Intelligent water management for the development of cities" was presented along with companies and research centres such as Iberdrola, Cellnex, CIEMAT and the Badajoz city council.
- With the help of external funding, we attended the WATEC Conference in Tel Aviv (Israel), from 13 to 15 October with presentations at the Spain-Israel "*Building Water Innovation Partnerships*" seminar and at the "*Bringing Israel's Water Innovation to the EU*" Infoday
- During the IWA (http://www.ad14chile.com/) conference last November, the results of three European projects were presented (*Life Memory, Life Biosol* and FP 7 *All-gas*).

Advances in the Management of Human Resources

Recruitment, training, development and equality

This year, FCC Aqualia signed its second Equality Plan (for the 2015-2018 period), in which both the company and the main unions at the state level once again demonstrate their commitment to equal opportunities between men and women.

In addition, FCC Aqualia continues to apply egalitarian policies in matters related to gender. This year saw the successful conclusion of the first *mentoring* programme for women, which is aimed at boosting female talent in the organisation and at facilitating the professional career of women identified as having potential within the company. Also, for the second consecutive year, training on equal opportunities for employees has been provided as part of the training on specific risks for each job position.

Similarly, the selection processes at FCC Aqualia are carried out under the competency-based recruitment model, from which the interview questionnaire is drawn up based on an analysis of the job position, and all candidates are asked the same questions. This method makes it possible to compare, ensure equality and prevent discrimination.

FCC Aqualia maintains its "Equality in the Workplace" emblem extended in 2014 for a period of three years. This emblem is a recognition by the Ministry of Health, Policy and Equality of the Company's commitment to diversity and equal opportunities for men and women.

It should be noted that FCC Aqualia continues to show its commitment against gender violence through its participation in various campaigns.

Moreover, the second edition of the Otto Walter cycle, a programme designed for middle managers and aimed at continuing the transformation of the company's leadership style to a management model with more participatory people, a talent catalyst that strengthens team cohesion backed by a common language shared by all.

In 2015 FCC Aqualia signed it participation in the Alliance for Dual Vocational Training. The Alliance for Dual Vocational Training comprises a national network of institutions and companies committed to the development of quality dual vocational training in Spain. The creation of this network is designed to improve the employability of young Spaniards by joining efforts and synergies to promote a quality dual vocational training model adapted to the setting. The Alliance also aims to bring together the best initiatives and experiences being carried out for the benefit of all.



Within this alliance, FCC Aqualia has signed a collaboration agreement between FCC Aqualia and the Pere Martell Institute in Tarragona to promote, encourage and develop, in an alternation-based system and with dual vocational education, the Intermediate Level Training Course on Water Treatment Networks, Facilities and Plants.

As for training, FCC Aqualia remains committed to the professional training and development of its workers. Training objectives are linked to the company's strategic objectives, to improving the performance of the workers' duties and to ensuring occupational health and safety. In addition, work is being done on developing training plans for specific, critical groups in the organisation (department heads, laboratory and customer management staff).

In the area of awareness and as part of FCC Aqualia's CSR policy, work with the Vice-Chancellor for Cooperation and Volunteerism at Rey Juan Carlos University has continued on its new role related to raising awareness about and the dissemination of the importance of human rights in today's society. These are dialogues and talks whose participants are renowned experts aimed at the presentation and discussion of the main problems in the field of human rights, as well as the obstacles that prevent their implementation and new challenges we are currently facing.

Among the events held was the presentation of the guidelines of the National Plan for Companies and Human Rights that, pending approval to date, were drafted by social, economic and state stakeholders and partners. The Ministry of Foreign Affairs and Cooperation was responsible for presenting the strategic lines of the document and representatives from leading NGOs presented the most relevant projects on training in human rights, especially those linked to academic institutions of higher education, such as the Rey Juan Carlos University.

The second event consisted of a discussion forum with the participation of CSR directors from different companies, including FCC Aqualia, who explained their actions related to human rights; there was an opportunity to reflect on the importance of these rights in the business world in general and in the organisation in particular.

Collective bargaining and personnel management

In 2015 we signed the Fifth Water Sector Collective Agreement, which consolidates a regulatory framework that gives stability to the sector and, with the agreement of the main trade unions UGT and CCOO, this facilitates during the time it is in force (2015-2017), a period of no conflict.

Within the scope of personnel management, during 2015 FCC Aqualia promoted the decentralisation of administrative processes (maintenance agreements, managing notification of incidents, etc.), bringing management closer to regional offices and production centres thereby providing the organisation with greater capacity for management and efficiency.

Health and Safety, Important Aspects

As a fundamental element, the absence of serious workplace accidents should be well noted. With regard to accident rates for 2015, there has been a rise in the rates, although they have remained within acceptable margins in relation to the objectives. Along the lines of improving absenteeism caused by on-the-job incidents, various actions were implemented, including:

- **A programme of visits to contractors with a high accident rate**. After a detailed study of the frequency indices, a programme for visits to contractors with high accidents rates was prepared that would make it possible to discover, in detail, the conditions that might be causing the accidents, and a set of measures was designed to be implemented based on these visits. A total of nineteen contractors were visited nationwide as part of the programme and a specific plan was launched in Italy.
- The second phase of the **preventive culture project** initiated in 2014 finished. It included, based on an overall diagnosis of the entire Company, the design of an Action Plan for Improvement to be implemented over the following three years that includes a total of eight specific actions.
- The **design of a Road Safety Campaign** was finished. It comprised a total of fifteen actions that will be implemented over the three-year 2016-2018 period.
- Furthermore, in addition to renewing the **Occupational Health and Safety Management System** certification nationwide, for the first time certification was obtained internationally, under the OHSAS 18001 guideline, of almost all the Company's sites, such as Mexico, Uruguay, Chile, Montenegro, Portugal, Italy, the Czech Republic, Algeria and Saudi Arabia.

Likewise, during 2015 the computer application incorporated in 2014 to improve the Company's prevention-related management was made fully operational for the Department of Health and Safety, and a module was developed that, through a web application, will enable it to be used by the entire Company. With this application, a very high percentage of prevention-based management will be able to be computerised, which will result in more effective monitoring and control and in increased efficiency of the Department of Health and Safety.

As for external relations, the company has accumulated more awards for its work in favour of the health and safety of its workers. These include those granted by INVASSAT, a specialised agency of the Valencian regional government, those granted by the accident mutual Asepeyo in Almería and the Balearic Islands or the candidacy to the *Daman Health & Safety Awards* in the Middle East. In addition, members of the Safety Department have actively collaborated with the governments in organising seminars on health and safety, including one focused on the risks in the integrated water cycle sector, held in the CPRL (Centre for Occupational Health and Safety) in Malaga, or the training session on confined spaces given through the CPRL in Almeria, both of which operate under the regional government of Andalusia.

In line with FCC Group's corporate policies, in 2015 a medium-term strategic plan was developed to showcase practices included in the concept of a "healthy company".



In addition, there has been progress in specific actions, such as awareness-raising campaigns about alcohol and drugs in the Balearic Islands, and a specific healthy company plan for Lerida.

Also during 2015, the work carried out on FCC Aqualia's Occupational Health Charter was continued. In this charter, representatives of the main unions and Company's management collaborate on improving safety conditions through dialogue and designing good practices on a global level.



Keys to Customer Service

During 2015, FCC Aqualia continued to make progress on an end customer-oriented strategy, paying particular attention to the quality of its communication channels with customers. The full interactivity of these channels (face-to-face, telephone, internet), allows the customer to decide at any time through which channel he wishes to communicate in order to have his needs met in real time.

The telephone helpline service, provided through the Customer Service Centre (aqualia contact) not only enables the latter to perform all the management procedures without having to travel to the offices, but it is also available 24 hours, 365 days a year and allows the response time for resolving faults in distribution networks to be reduced, with the consequent saving of water. The reduced waiting time for the customer to communicate a fault makes it possible to implement a flexible and effective action protocol to resolve any type of incident in the network, which results in improved performance of the water distribution. This customer service has received 748,000 calls during the year, and attends callers in six languages (Castilian Spanish, Galician, Catalan, English, German and French).

The third communication channel is a corporate website available in five languages. It provides an overview of the company and various local websites of specific municipalities where FCC Aqualia provides service, and they offer a more local and personalised information about the presence of the company in the municipality. In addition, through the FCC Aqualia's websites, both corporate and local, access is provided to the aqualiaOnline virtual office, through which they can carry out the same actions related to the service that can be made in person or by phone.

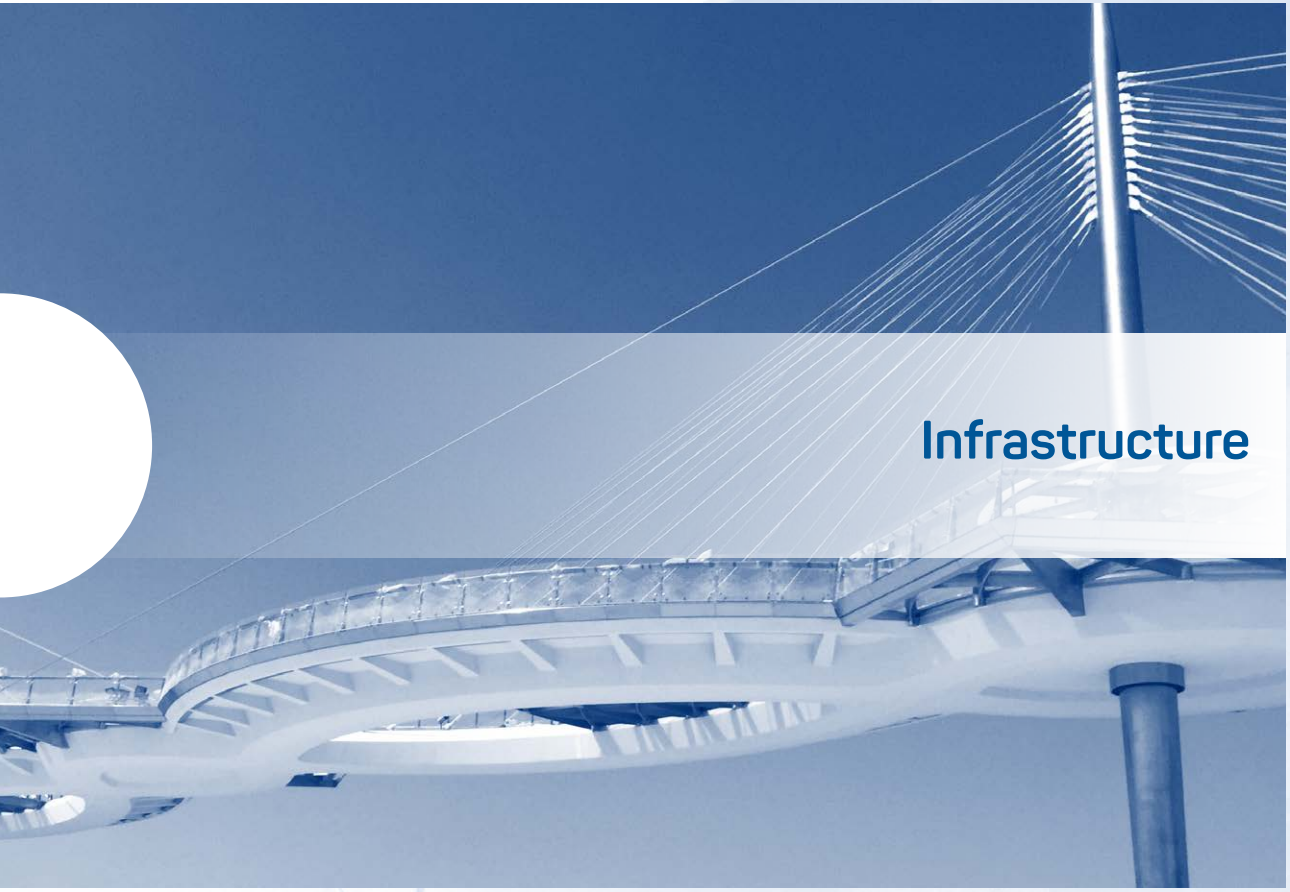
Since 2011, the aqualia contact and aqualiaOnline channels have had UNE-ISO 27001, "information security management systems" certification, in compliance with the safety objectives set and ensuring commitment to the security of FCC Aqualia customers' data and the integrity, availability and confidentiality thereof.

The efficiency of these communication channels has allowed us, once again, to reduce the number of customer complaints, which totalled 11,335 in 2015.

09 Infrastructure



Lusail Pedestrian Bridges (Qatar).



Infrastructure

Lusail Pedestrian Bridges (Qatar).

2015 economic situation and prospects for 2016-2017
- Current international economic scenario
- The situation of the construction sector

FCC Construcción's business activity
- Railway infrastructure
- Motorways, dual carriageways, roads and urban roads
- Bridges
- Airport works
- Hydraulic works
- Maritime works
- Non-residential building
- Residential building
- Management systems
- Technological development department of innovation: R&D&I

FCC Industrial
- Megaplas, S.A.
- Prefabricados Delta, S.A.
- Matinsa, Mantenimiento de Infraestructuras, S.A.

Infrastructure concessions
- Concession Management Activity
- Globalvía

Machinery division activity
- Machinery
- Special Techniques (BBR PTE)

2015 Economic Situation and Prospects for 2016-2017



Panama Metro (Panama).

Current international economic scenario

The International Monetary Fund (IMF) quantifies the growth of the world economy as 3.4% and 3.6% respectively for 2016 and 2017.

These positive forecasts, however, have been revised down by some 0.2 percentage points, mainly because the rise of emerging economies is now expected to be weaker than initially forecast. The decline in oil prices and other raw materials will slow down many emerging economies and part of world trade, as many producing countries will be forced to reduce their pace of foreign purchases. However, it may provide a boost greater than expected to demand in oil-importing countries.

On the whole, the IMF expects the upturn in global economic activity to be fairly gradual.

Despite still generating more than 70% of world growth, the economies of emerging and developing markets slowed down in 2015 for the fifth consecutive year. Advanced economies, however, continued to record a slight recovery.

According to the IMF, there are three factors that continue to affect the global outlook: the slowdown and gradual adjustment of economic activity in China; the gradual tightening of monetary policy in the United States, while the central banks of other advanced economies continue to apply a relaxed monetary policy; and finally, the marked decline since September 2015 of the prices of energy and other raw materials due to falling oil prices.

The projected growth of the Eurozone as a whole is 1.7% in 2016 and the same in 2017.

According to IMF experts, the US economy will grow 2.6% in 2016 and 2017.

As for the economies of Latin America and Caribbean, the aggregate GDP of the region as a whole will contract by 0.3% in 2016 and grow by 1.6% in 2017. Growth, however, will be positive in the majority of the region's countries. The contraction is mainly due to the situation in Brazil, where the recession is deeper and longer than expected as a result of political uncertainty amid the ongoing aftermath the Petrobras investigation. Growth projections for Mexico remain at a rate of 2.6% in 2016 and 2.9% in 2017.

In the Middle East, the prospects are overshadowed by falling oil prices.

Latest forecasts from the IMF

The economy continues to grow, but at a slower pace.
(Percentage of change)

	2015	Forecasts 2016	Forecasts 2017	Difference with the forecasts in the WEO report of October 2015[1] 2016	Difference with the forecasts in the WEO report of October 2015[1] 2017
World product	3.1	3.4	3.6	-0.2	-0.2
Advanced economies	1.9	2.1	2.1	-0.1	-0.1
United States	2.5	2.6	2.6	-0.2	-0.2
Euro zone	1.5	1.7	1.7	0.1	0.0
Germany	1.5	1.7	1.7	0.1	0.2
France	1.1	1.3	1.5	-0.2	-0.1
Italy	0.8	1.3	1.2	0.0	0.0
Spain	3.2	2.7	2.3	0.2	0.1
Japan	0.6	1.0	0.3	0.0	-0.1
United Kingdom	2.2	2.2	2.2	0.0	0.0
Canada	1.2	1.7	2.1	0.0	-0.3
Other emerging economies	2.1	2.4	2.8	-0.3	-0.1
Emerging and developing market economies	4.0	4.3	4.7	-0.2	-0.2
Community of Independent States	-2.8	0.0	1.7	-0.5	-0.3
Russia	-3.7	-1.0	1.0	-0.4	0.0
Excluding Russia	-0.7	2.3	3.2	-0.5	-0.8
Emerging and developing market economies in Asia	6.6	6.3	6.2	-0.1	-0.1
China	6.9	6.3	6.0	0.0	0.0
India	7.3	7.5	7.5	0.0	0.0
ASEAN-5[2]	4.7	4.8	5.1	-0.1	-0.2
Emerging and developing market economies in Europe	3.4	3.1	3.4	0.1	0.0
Latin America and the Caribbean	-0.3	-0.3	1.6	-1.1	-0.7
Brazil	-3.8	-3.5	0.0	-2.5	-2.3
Mexico	2.5	2.6	2.9	-0.2	-0.2
Middle East, North, Africa, Afghanistan and Pakistan	2.5	3.6	3.6	-0.3	-0.5
Saudi Arabia	3.4	1.2	1.9	-1.0	-1.0
Sub-Saharan Africa	3.5	4.0	4.7	-0.3	-0.2
Nigeria	3.0	4.1	4.2	-0.2	-0.3
South Africa	1.3	0.7	1.8	-0.6	-0.3
Low-income developing countries	4.6	5.6	5.9	-0.2	-0.2

Source: IMF, Update of "World Economic Outlook", January 2016.



Port of Açu (Brazil).

(1) The difference is due to the rounding of the figures for current forecasts, and from the October 2015 WEO Report.
(2) Philippines, Indonesia, Malaysia, Thailand and Vietnam.

The situation of the construction sector

Domestic market

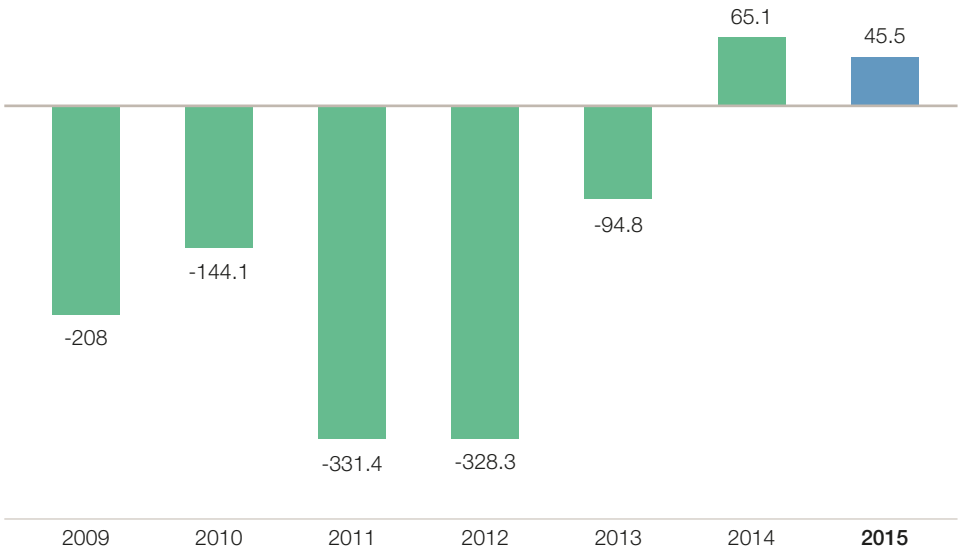
In Spain, demand has changed. Investment in infrastructure has been drastically reduced as a result of the global economic crisis. Public investment in infrastructure will be similar to that in 2015. The forecast for the next three years is for an investment of 1.9% of GDP. This is 0.9% lower than the European average of 2.8% of GDP. The increase expected in Spain is as follows: 2.5% in 2015, 4% for 2016 and 5.5% for 2017. More specifically, there has been an increase in IT, transport and hydraulic infrastructure. Public investment in infrastructure in Spain will reach 23,766 million euros in 2016. This means that it will remain behind other European economic powers. In Italy this figure is 35,300 million euros, in Germany 65,000 million, in UK 65,700 million euros and 76,166 million euros in France.

According to SEOPAN, the tendered volume in 2015 was 21.3% lower than in 2014: 7% less in construction and 26.1% in civil engineering.

It should be noted that a better predisposition to new housing development is being seen in the residential building segment.

In the labour market, 2015 was a good year for employment with the creation of 525,100 new jobs, of which 28,100 were in the construction sector. This figure is more relevant if one considers that between 2008 and 2014 more than 1.75 million jobs were lost in this sector, which accounts for 55% of all existing jobs*.

Quarterly evolution of employment, in thousands
(variation of 4th quarter compared to 3rd quarter of the same year)



* Source: Labour Force Survey (LFS/Spanish acronym EPA).

Foreign market

Latin America

Brazil

Construction activity has increased in the country as a result of the 2016 Rio de Janeiro Olympics. However, in the next five years, growth prospects remain limited; an unstable economic situation will negatively affect the country's construction sector, which in real terms is expected to fall from 214,900 million in 2014 to 204,100 million in 2019.

Mexico

The National Infrastructure Program for 2014-2018 describes an investment target of 7.75 billion Mexican pesos in a total of 743 projects in six strategic sectors: transport and communications, energy, water, healthcare, urban development and housing and tourism. 2016 is a crucial year for the infrastructure sector, as it is the halfway point in the timeframe defined in the programme.

Despite the announcement of several cuts in the federal budget, the Mexican Chamber of Construction Industry predicts that the sector will grow by about 3% in 2016. The growth is mainly due to the continued private sector investment in commercial and residential buildings contracts.

The changing landscape of the Mexican infrastructure sector is also affected by the adoption of the Law on Public Private Partnership Contracts, which is expected to increase momentum during President Enrique Peña Nieto's time in office.

Chile

As part of the updating of the Infrastructure Master Plan, 756 projects were analysed in a normal scenario (modelled and unmodelled) with an estimated total investment of US$ 15,920 million between 2010 and 2025, and 803 projects in an optimistic scenario (modelled and unmodelled) with an estimated total investment of US$ 17,250 million between 2010 and 2025.

Chile is currently experiencing a situation of economic contraction. The record levels of new home sales, advance purchases made before the application of VAT in 2016, are not sufficient to drive and maintain the construction sector, whose investment flow is 70% dependent on the areas of public or private infrastructure.

In this scenario, the construction sector ended the year with declines in activity. According to the Chilean Chamber of Construction this situation is expected to continue in 2016, and the organisation also points out that the only way to maintain activity is to do so through concessions.

Peru

The growth of the construction sector in Peru has consistently exceeded the actual increase in GDP. According to a report by the Peruvian Andina news agency, the construction sector was expected to grow by 8% in 2015, although growth in the first quarter of the year was disappointing. Last year, a significant boom in residential and commercial construction and other infrastructure projects was expected.

Colombia

The Colombian construction sector is one of the fastest growing in Latin America and the Nueva Colombia properties are very close to major infrastructure projects.

Now that the Work and Construction Works Plan has been presented, the company will start negotiating with local road contractors. In December 2015, the National Infrastructure Agency announced the approval of the 23 kilometres necessary to complete contract for the 1,000 kilometre Ruta del Sol, the longest in South America.

Panama

Panama experienced an unprecedented construction *boom* for such a small country and for Central America in general during the tenure of the former president. This rise took place parallel to a double-digit economic growth and, similarly, when the economy slowed down in 2014, so did the construction sector. However, all indicators are currently pointing up and the search in Panama for regional leadership in construction is headed in the right direction.

On paper, the number of constructions in Panama has not increased greatly. It is, in fact, growing at a somewhat slower pace than during its 2009-2010 peak. But the key factor when analysing the growth rebound in the construction sector is that it is sustained, which is a fantastic for the immediate future.

Large-scale construction projects, like Panama City's Metro Line 2, the Panama Canal expansion and high-rise construction developments for both residential and commercial use require thousands of workers, banks, raw materials and logistical support. In other words, the new construction work is not only creating jobs, but it is feeding other service sectors, resulting in a trickle-down effect in the overall economy.

Middle East

Saudi Arabia

Saudi Arabia has slashed investment by almost two thirds and is fighting against the collapse of oil prices. Transport and infrastructure spending will fall by 63% in 2016, since the kingdom is cutting capital spending in its effort to moderate the fiscal deficit next year. Funding for some mega-projects like the King Abdul Aziz International Airport in Jeddah will decrease to 23,000 million Saudi Riyals in 2016 from 63,000 million in 2015.

In January, the Saudi Finance Ministry announced a measure that seems destined to affect large construction and infrastructure projects in the country. The institution stated that it had modified the advance payment that is made to construction companies working on public sector projects. Companies that build projects promoted by the authorities will now receive 5% of the contract price in advance and not 20% as previously was done. The aim of this measure is to finance operations at the worksite, allow advance payments to subcontractors and enable the purchase of equipment and materials from suppliers. This amount is amortised and deducted from the contract price later.

Qatar

Qatar has a 9.3% share in the Cooperation Council for the Arab States in the Golf of the hundred largest projects. Despite its relatively small share, the domestic construction sector is growing at an exponential rate. In 2014, its real growth rate stood at 18%, positioning it as the fastest-growing construction market in the region, according to BMI Research.

As for infrastructure projects, Qatar granted the second-highest number of awards, followed by Saudi Arabia. With these figures, it is expected that the annual growth rate of the Qatari construction sector will reach 11.4% between 2015 and 2022, and that this upward trend will continue with a growth rate of 10.2% for at least another decade.

The boom in the Qatari construction sector continued throughout 2015 with the announcement of some key projects and the inauguration of others.

With the 2014 edition of the Qatar Construction Standards (QCS) in force, all areas of the building and construction sector will have to review their policies and practices in 2016 to meet the new standard. In some contracts awarded by Qatari public entities, references to the term "legislation" includes amendments thereof. This means that a contractor or consultant involved in these contracts must therefore comply with the new requirements in the QCS 2014 when executing a project that is underway.

North America

United States

The *Dodge Construction Outlook* 2016 report predicts that new works started across the US will increase by 6% to $712,000 million after increases of 9% in 2014 and the estimate of 13% in 2015. Much of the increase in 2015 was the result of non-residential construction work such as the commencement of several large liquefied natural gas terminals in the Gulf Coast region and renewed growth arising from the construction of new power plants.

By 2016, the economic environment should support further growth of the overall total for new construction. Although short-term interest rates will increase in 2016 due to expected increases by the Federal Reserve, the increase in long-term rates will remain gradual.

The number of public works will remain unchanged from 2015, since the modest reduction in dual carriageways and bridges will be offset by some improvement in environment-related public works. Congress is debating a new federal transport bill that covers several years. The advantages of this bill will be seen in construction in late 2016 and in 2017.

Canada

The Canadian Prime Minister Justin Trudeau promoted a plan for infrastructure spending during his 2015 election campaign. In it, he promised to increase spending on infrastructure by 60,000 million Canadian dollars over ten years, divided between public transport and ecological and social infrastructure. However, the question arises of how much money provinces and municipalities can spend on infrastructure, since many of them are already heavily indebted.

A recent report by BTY predicts that large investments in infrastructure will create stability in a country plagued by low oil and raw material prices. The Market Intelligence Report on construction costs in Canada forecasts that the national construction sector will successfully adapt to the worst economic expectations in other sectors.

Europe

United Kingdom

The construction sector in the UK rallied in December, according to figures from a survey of construction procurement managers. This recovery, led by commercial building, contrasted with a marginal decline in civil engineering activity that ended seven months of sustained growth in this subcategory.

The British government announced that Infrastructure UK (IUK) and the Major Projects Authority (MPA) would merge from 1 January 2016. The new organisation, which will be called Infrastructure and Projects Authority, will bring together government expertise in the financing, delivery and assurance of these projects, which range from large scale infrastructure projects like the Crossrail and the Thames Tideway Tunnel to major transformation programmes such as Universal Credit.

Romania

Although the potential of the Romanian economy is being recognised, it is still considered weak in infrastructure, according to the president of the European Bank for Reconstruction and Development (EBRD).

Romania's anti-corruption office is handling more than 10,000 cases and hundreds of public officials face criminal proceedings. Several major public works will remain suspended while the investigations last. Dietmar Dumlich, Romania's representative at the European Investment Bank, said the bank has approved loans amounting to 1,700 million euros for infrastructure projects, but there is no one to sign the documentation.

Construction work grew 13% during the first quarter of 2015. The most significant increase was in residential projects with an increase of 19.8%, while infrastructure projects fell 0.2%. In this context, a slow evolution of the construction market is expected.

In July 2015, the European Commission approved the Large Infrastructure Operational Programme for Romania, a major investment package totalling almost 9,500 million euros from the EU Regional Funds for investment in transport, environment and energy projects. This is almost half of the 23,000 million allocated to Romania under the EU's Cohesion Policy. Including national co-financing, there will be over than 11,800 million euros to stimulate growth and create jobs in the country.

Portugal

For 2016, the government has announced the revival of projects that were suspended over two years ago, plus new investments in public works. In its 100 Plan, the Ministry for Infrastructure envisages the possibility of increasing investment by leveraging additional European resources, such as the Juncker Plan and HORIZON 2020. Building projects remain in private hands and growth in investments by hotel chains, related to the increase in tourism, is perceived.

With regard to the current European situation that is constraining the budgetary policies of the Portuguese government, a strong proliferation of small-budget enterprises, or large ones split into small sections can be observed, that leads to greater competition between small and large companies that is unbalanced, because the service of big companies is not comparable to companies with small and unsystematic structures.

FCC Construcción's Business Activity

FCC Construcción, with its accumulated experience of more than a century of history, is the Citizen Services Group's infrastructure area. Its activities cover all areas of engineering, such as the construction of civil works and residential, non-residential and industrial building.

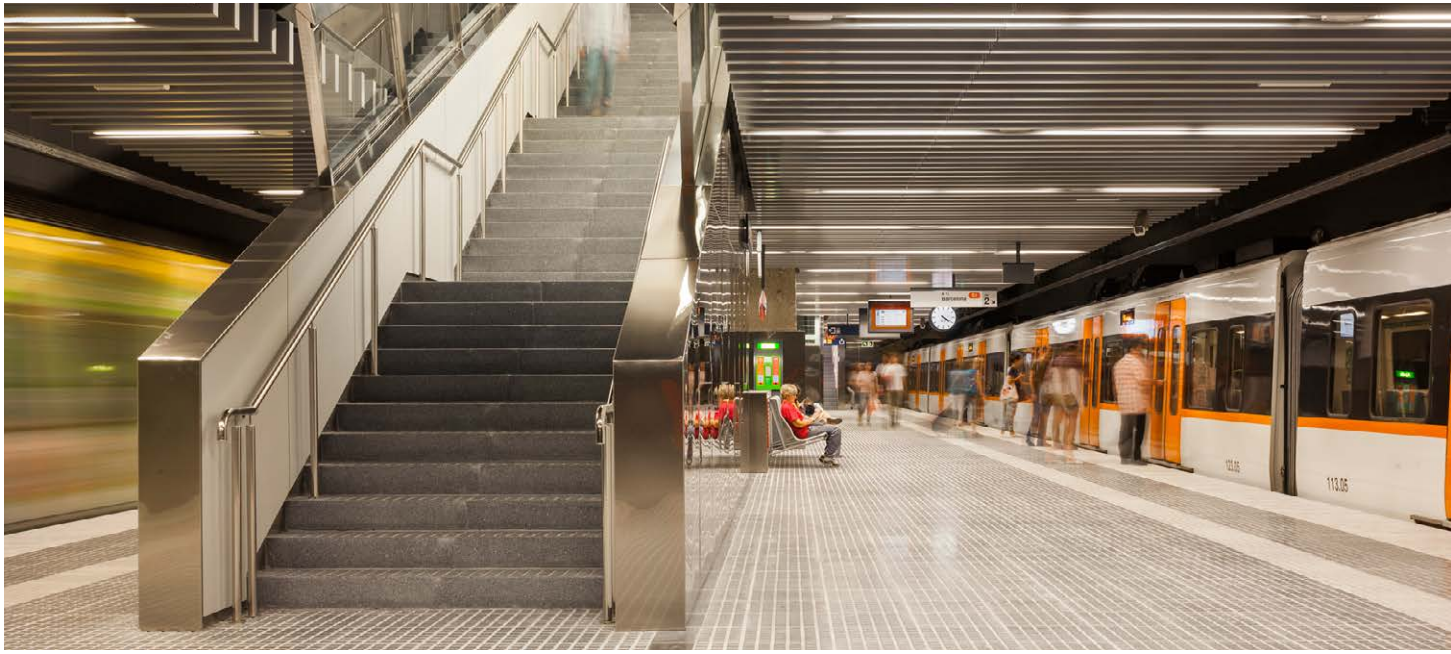
Railway Infrastructure

In 2015, the railway transport sector continued to be the most dynamic, thanks to the plans for expanding the high speed railway network and the construction of new metro lines in cities in the Middle East, North Africa and America.

Metro

The most notable events during the course of 2015 include:

- **The opening of Terrassa Metro (Barcelona, Spain).** In July, FCC carried out the start-up of the Catalonian regional government's railways. The Terrassa project involves a 4.5 kilometre extension of the line in a double tunnel executed with tunnel boring machines, with a six-metre interior diameter, three new stations, a train depot, a new traction substation in Vallparadís and three emergency exits.
- **Commissioning of the San Isidro Station of Panama City's Metro Line 1 (Panama).** In August, the San Isidro station, the last of the fourteen stops on Line 1 of the Panama Metro to open its doors to the public, began operations. This new section comprises an extension of 2.1 kilometres of the total length of 15.8 kilometres that make up Metro Line 1. San Isidro, located in north-eastern Panama City, is the station where the route that begins at the Albrook terminal ends. The entire section comprises a semi-underground station, seven underground stations and six above-ground stations.
- **Riyadh Metro (Saudi Arabia).** In October, FCC finished drilling the first tunnel section, that is 1.2 kilometres, of Line 5 (Green Line) of the Riyadh Metro with the "San'ah" TBM. A job that was a milestone for the Company as it became the first to reach a station and the Company with the most kilometres of tunnel executed to date.



Terrassa Metro, Barcelona (Spain).

Most notable contract awards during 2015:

- **Bucharest Metro. Magistrala Line 5 (Romania).** In July, FCC signed the contract for the construction of the railway electrification and superstructure, architecture and facilities in both tunnels and stations to prepare for the coming into operation of the Magistrala Metro Line 5, totalling 223.37 million euros. It comprises a 6.1-kilometre-long main line that includes nine stations between Raúl Doamnei and Eroilor/Opera, and a 0.9 kilometre branch connecting with another station/depot where the line's depots are located.
- **Panamá City Metro. Line 2 (Panama).** In May, a consortium led by FCC won the contract for the design and construction of Panama City's Metro Line 2, totalling 1,650 million euros. The work will include sixteen stations and 21 kilometres of elevated track in the capital city's eastern area.

Most notable works in progress:

- **Panamá City Metro. Laying the first stone of Line 2 (Panama).** The foundation stone of Panama City's Metro Line 2 was laid in October 2015. In the first phase, the construction work, which will be ready in 44 months, will have 21 kilometres of elevated track and 16 stations. Five-carriage trains with the latest technology will run along this track, which will allow them to use less energy and ensure efficient operation. They will also have the capacity to transport an average of 16,000 passengers per hour and will be adapted for people with reduced mobility. The consortium for Panama City's Metro Line 2 will generate more than 4,000 direct and indirect jobs.



Riyadh Metro (Saudi Arabia).

- **Lima Metro. Line 2 and Line 4 branch (Peru).** The project involves the design, construction, financing, operation and maintenance of Lima's Metro Line 2 and a Line 4 branch, that goes to the airport, totalling 3,900 million euros. Line 2 will be 35 kilometres long and cover Lima's east-west axes, from Ate to Callao. Once operational, its 35 passenger stations will serve more than 600,000 people a day who will save up to ninety minutes during their trip. Meanwhile, the Line 4 branch, which will link Peru's capital to the airport, will stretch along eight kilometres of tunnel from Faucett to Nestor Gambetta avenues. Eight stations will be built along this stretch.
- **Riyadh Metro construction. Lines 4, 5 and 6 (Saudi Arabia).** The project involves the design and construction of Lines 4 (Yellow), 5 (Green) and 6 (Purple), which will have 25 stations for which 64.6 kilometres of metro track, 29.8 kilometres of viaduct, 26.6 kilometres of underground track and 8.2 kilometres of over ground track will be required. For the construction of the three lines, two TBMs (tunnel boring machines) will be used that are 9.77 metres in diameter and will enable the excavation of full-section tunnels. Dhafrah was the first tunnel boring machine to start operation and Sanah was the first to reach a station.The Riyadh Metro is the largest suburban metro in the world under construction, which is 176 kilometres long and has 85 stations.



Doha Metro (Qatar).

- **Doha Metro. Red Line (Qatar).** The progress-to-finish is 45% with the three launching gantries working and all three stations under execution. The factory for keystones, beams and capitals is also fully operational. The project includes the construction of a section of Doha Metro's Red Line, totalling 550 million euros. The section will comprise three elevated stations and measure 6.97 kilometres long. The project also includes the burying of an existing section of urban dual carriageways at the entrance to the town of Al Wakra. The total budget for the construction of the entire project for Qatar's capital's metro will exceed 20,000 million euros. This is the first major work by the Citizen Services Group in this emirate.
- **Bucharest Metro. Section 1 of Line 5. (Romania).** The work involves executing the civil works on a 6.1 kilometre-stretch with nine stations between Raul Domine and Hasdeu. The new line has two parallel tunnels of 3.8 and 4 kilometres with interior diameters of 5.7 metres, and a third tunnel of 260 metres which will serve to connect Lines 1 and 5 in the Troilo 2 station adjacent to the existing one. Once finalised, they will be lined with 30-centimetre-thick concrete rings. Drilling works are being carried out with EPB shield TBMs with 6.60 metre diameter excavations.
- **Maintenance of lines in operation on Madrid's Metro System since 2015.**
- **Toronto Metro. Highway 407 Station and Northern Tunnels (Canada).** This involves an underground intermodal station that is 165 metres long, 22 metres wide and 23 metres deep, with a central platform and three floors, two underground and one on the surface, formed by a Y-shaped building with a bus terminal and 600 outdoor parking spaces. The contract also includes the construction of four emergency exits, three connections between tunnels, various working and exit shafts for TBMs, traffic detours, services affected, auscultation, compensation injections and the structure for supporting and excavating the structure of the box for the future University of York station.

Railway

High-Speed

Spain has one of the most advanced and longest railway networks in the world. The FCC Construcción's Transportes section, either through projects awarded directly or in joint venture consortia, has participated in the execution of a large part of the approximately 3,000 kilometres of the high-speed train network, in addition to having work on more than 400 kilometres of track carrying out renovations of the existing conventional network.

The most notable events during the course of 2015 include:

- **Completion of the installation of the track in the northern section of the tunnels in Pajares (Spain).** Last December saw the finalisation of the track installation for the Pajares bypass on the La Robla-Túneles de Pajares section along 27 kilometres. The entire track installation was done with Iberian gauge tracks on a multi-use sleeper so that the first 4.24 kilometres are double track and the remaining 22.76 single track, which is the left track. In addition, 8.6 kilometres were installed over ballast and the other 18.4 of the single track on a slab. The section is completed with the installation of two safety lanes and eight crossovers. The budget for execution by a contractor totals 7.8 million euros.
- **Start-up of the second TBM in Campobecerros (Orense, Spain).** In November, the TBM to excavate the second of the Bolaños tunnels, which runs between the towns of Campobecerros and Vilariño, began operating in November. The entire construction work comprises the execution of two parallel single-track tunnels for the high speed line, each 6,700 metres long, excavated by a single-shield rock TBM with a diameter of 9.90 metres. It also includes the execution of eighteen emergency and connection galleries with an average length of 20 metres each between the tunnels. The budget for execution by the awarded contractor totalled 162.2 million euros.
- **Section: Vilariño-Campobecerros. Left track.** The work consists mainly of a tunnel measuring 6.7 kilometres long, of which 6.56 are executed with a TBM. This construction work includes the execution of the opening in Campobecerros.
- **Delivery of the new Vigo-Urzáiz station (Spain).** January saw the delivery of the Vigo-Urzaiz station, whose project is part of the section Nuevo Acceso Norte to Vigo, of the Atlantic route of the high-speed railway. The station is designed so as to be interoperable in accordance with the European Commission's high speed technical specifications. It has a total of six tracks with four platforms and an approximate length of 400 metres. The budget for execution by the awarded contractor totals 59 million euros.

The most noteworthy works in progress are:

- **Waterproofing of the Pajares tunnels. Northern contract (Spain).** The work takes place mainly inside the Pajares tunnels along 14.82 kilometres (for the western tunnel) and 14.84 kilometres (for the eastern tunnel), and there is also work in the access gallery from the opening in Buiza (of 5.5 kilometres).
- **Accesses to the La Sagrera station (Spain).** The works consist of the construction of the access section for the future La Sagrera station and for the two commuter lines (Villafranca-Maçanet and Vilanova-Mataró) that will be located between retaining walls on the station's lower level, along with the track bed where the high-speed Madrid-Barcelona-French-border high-speed line will be installed over the former ones.
- **Rail connection for the Mediterranean Corridor (Spain).** This belongs to the Madrid-Barcelona-French-border high-speed line. The section covered is 61.89 kilometres long of double track in order to be able to operate at 220 kilometres per hour.
- **High-speed Madrid-Extremadura track bed in the Alcántara reservoir-Garrovillas section (Spain).** The works consist of the construction of a new track bed for a double-track for high-speed trainings measuring 6.2 kilometres long using the international gauge for passenger and freight traffic. The viaduct over the River Almonte measuring 996 metres long and with a 384-metre-span central concrete arch under an upper platform stands out. In addition, three viaducts over the Santa Ana, Villaluengo and Cagancha streams, measuring 341, 431 and 431 metres respectively, have also been designed. All platforms are executed using movable scaffolding.
- **Maintenance of the track and high-speed crossovers in Mora and Calatrava (Spain).** Maintenance activities on lines in operation from January 2015 to December 2018.

Conventional

The most noteworthy works in progress are:

- **Sighisoara-Atel and Atel-Micasasa (Romania) railway sections.** In Romania, FCC is executing the rehabilitation and improvement of two railways sections of the Brasov-Simeria line measuring 94.75 kilometres long and comprising a double electrified track that is part of the Pan-European Corridor IV for train traffic with a maximum speed of 160 kilometres per hour: the Sihisoara-Atel section and the Atel-Micasasa section between the provinces of Mures and Sibiu, measuring 28.22 and 29.63 kilometres, respectively.

- **Maintenance of the track and crossovers on the conventional line in Burgos, Córdoba and Aranjuez (Spain).** Maintenance activities on lines in operation for five years from January 2012.



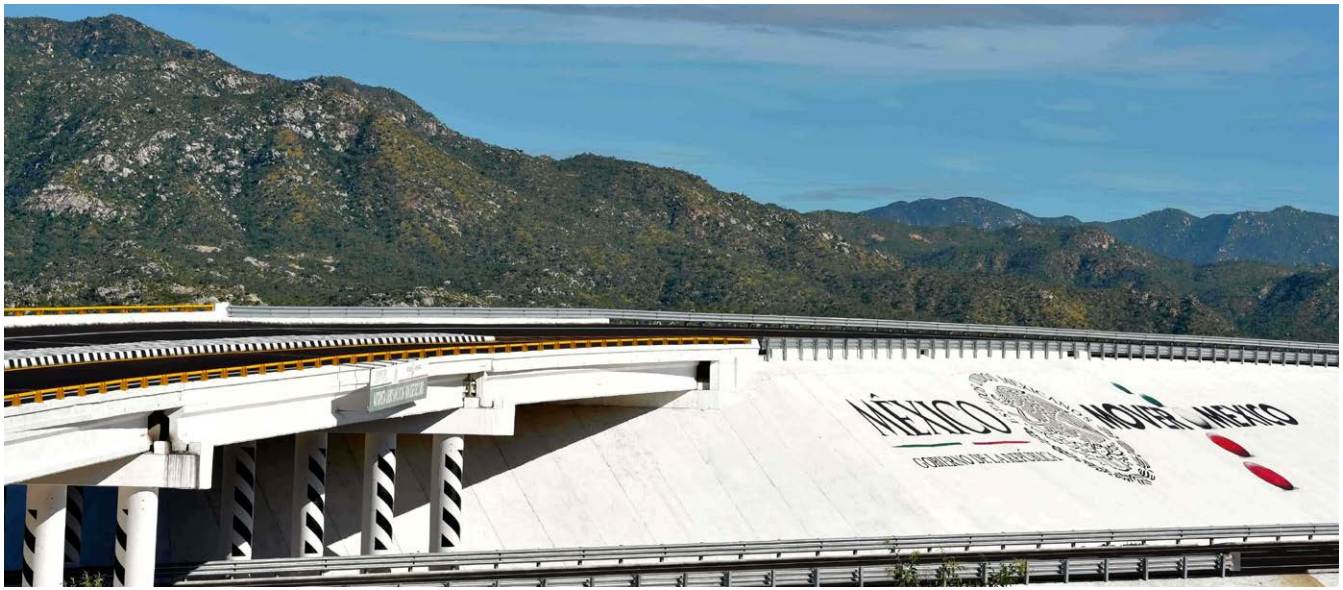
A-8 Dual Carriageway. Solares-La Encina section. Cantabria (Spain).

Motorways, dual carriageways, roads and urban roads

The most notable events during the course of 2015 include:

- **Sections of the A-8 dual carriageway (Spain):**
  - **Entry into service of the Solares-La Encina section (Cantabria).** Opened in November, this section begins at the Solares interchange, where it connects with the A-8 and S-10 dual carriageways east to Santander, ending in the vicinity of La Encina, where it connects with the La Encina-Torrelavega section. It has three interchanges: Solares, San Vitores and Penagos. Four viaducts have been built: La Llama, El Encinal, Pámanes and Suscuaja along with six overpasses and ten underpasses.
  - **Entry into service of the Unquera-La Franca section, the last on the A-8 dual carriageway.** In December 2014 FCC opened to the public this 4.15 kilometre stretch that runs through the municipality of Ribadedeva on the western side and connects to the Pendueles-La Franca subsection (open to traffic in August 2014). On the eastern side, it connects with the A-8 dual carriageway, also in service.

- **The EX-A1 from Navalmoral de la Mata to Portugal, between Coria and Moraleja Este (Spain) was opened to traffic.** In March, FCC opened the EX-A1 regional dual carriageway between Coria and Moraleja Este. The stretch, which runs parallel to the EX-108, consists of 10,600 metres of trunk road, almost eight kilometres of branch roads and more than 11 kilometres of service roads. Two interchanges have been built: one in the hamlet of Coria and the other east of this location.
- **Opening of the Carchuna-Castell de Ferro stretch in the Mediterranean basin (Spain).** With the opening to traffic of the 10 kilometre stretch which makes it possible to connect Almeria to Malaga by dual carriageway in early October, FCC fully completes the Mediterranean Corridor, measuring 1,440 kilometres long, stretching from Cádiz to the border with France. It comprises two 3.50 metre lanes in each direction, 2.50 metre external verges and 1.50 internal verges separated by a variable-width divider.
- **Opening to traffic of the Benicarló-Vinaròs bypass of the N340 road (Castellón, Spain).** Opened in October, this new section is 18.25 kilometres long and runs west of the towns of Peñíscola, Benicarló and Vinaròs, ending at the border with the province of Tarragona.
- **Finalisation of the second section of the A-27 between Morell and C-37 in Valls in Tarragona (Spain).** Opened in October, this 9.5-kilometre-long section with a cross section comprising two, eleven-metre carriageways (if we include the hard shoulders), is part of the section of the A-27 dual carriageway between Tarragona and Mont Blanc being built by FCC. The route begins in the municipality of El Morell and ends 500 meters past the C37, in the province of Tarragona.



San José del Cabo - Cabo San Lucas motorway (Mexico).

- **Opening of the San José del Cabo-Cabo San Lucas motorway (Mexico).** November saw the opening of this motorway that extends 38.7 kilometres along the southern coast of Baja California Sur, northwest of the Republic of Mexico and the southern tip of the Baja California peninsula. This 38.7-kilometre-long infrastructure project had an investment of 147 million euros (2,500 million pesos) and will benefit approximately 238,000 people, inhabitants of the municipalities of La Paz and Los Cabos.
- **Opening to traffic of the improvement in Cuesta de Las Chilcas (Chile).** This was opened to traffic in November 2014 and its reception took place in September 2015. The project was aimed at improving the cross-section in order to have three lanes going up and two coming down, separated by a barriers or protective devices in the middle, decreasing slopes to 7% and extending the radii of the route. It also includes the construction of a new viaduct, which starts at kilometre 75.860 and ends at 76.355, covering a length of 495 metres. It comprises eleven sections, each measuring 45 metres with a maximum height of 12.5 metres.

The most noteworthy contracts awarded in 2015 were:

- **N-344 interchange to Jumilla-Interchange C-3223 to Yecla from the A-33, Cieza-Fuente, La Higuera (Murcia, Spain).** In March, FCC started work on a stretch of the A-33 in Murcia for 17.2 million euros. This section is located between the municipalities of Jumilla and Yecla and will be 7.5 kilometres long.
- **Toyo tunnel (Colombia).** In October, FCC obtained the contract for the design, construction, operation and maintenance of the Toyo tunnel in the port of Urabá (about 80 kilometres from Medellin) with a budget of 392 million euros. The project, located between the municipalities of Giraldo and Cañasgordas, involves the construction of a 18.32 kilometre section of a two-direction road with one lane in each direction, although there will be a stretch of two-lane dual carriageway. This section will cross the mountains of western Antioquia, in an area with difficult access. The entire project also includes the construction of 12.3 kilometres of tunnels, of which 9.8 are for the Toyo tunnel inserted into the new road to Uraba. When this infrastructure is finalised, it will be the longest of its kind in Colombia.
- **Route 5-North Access to Santiago (Chile).** This is a work that measures 15 kilometres long, has a cost of nearly 176 million euros and an official execution period of 28 months. The project, called "Conversion to the Urban Standard of the Access to Santiago via Road 5 North" is a work managed by the Ministry of Public Works and Globalvía, the concession franchise company for the Aconcagua Motorway "Carretera Panamericana Norte Ruta 5 Santiago-Los Vilos".
- **Águas Santas tunnel (Portugal).** In June, RRC commenced construction of the Águas Santas tunnel (near Porto) with a budget of 13.5 million euros. The project, located in the town of Maia, involves the construction of a new tunnel, with an area of 367 metres and a maximum overburden of 24 metres north of the two currently in existence, orientated down (Ermesinde / Porto), including elongation and upgrade for 2x4 tracks. The standard tunnel type measuring 16.65 x 5.25 metres holds four, 3.5 metre tracks.
- **The works of the third section of access south to Alto Hospicio/ access to Iquique (Chile).** In July, FCC commenced construction work on section three, which will link the localities of Iquique and Alto Hospicio, Chile. The project includes improvement, accessibility and connectivity in the city of Iquique in the Alto Hospicio-Alto Molle sector. The execution period will be 780 days and will enable the development of speeds of 70 to 80 kilometres per hour, reducing it in some places to 50 due to slopes up to 9% arising from the significant difference in altitude between Alto Hospicio and Iquique, nearly 450 metres. The track design will have a width of seven meters, with outer berms of one metre and inner berms of 0.6 meter with a two-metre central divider and a calculated service life of 20 years.

Most noteworthy construction works:

- **Vallirana bypass (Spain).** The works for the Vallirana bypass, which is 2.4 kilometres long, include a two-tube tunnel, one in each direction, each measuring 1.4 kilometres long.
- **Lo Marcoleta connection (Chile).** This project is aimed at connecting the Lo Marcoleta avenue with the 5 Norte route through an underpass, which will reduce the traffic congestion along this road between the Lo Echevers street and Ruta 5. It is to be completed in two stages that include the construction of a new road connecting Lo Marcoleta avenue to Ruta 5 Norte and a drain for storm water runoff plus landscaping and bicycle lanes.
- **Construction and upgrade of the T-775 (Chile) roadway.** The project covers 15 kilometres and involves remodelling the geometry of the roadbed. This requires the consideration of high-volume of earthworks, moving 250,000 cubic metres of embankment and the replacement of the 30-metre-long bridge named Quilín, along with the construction of the 170 metre Rio Bueno bridge. The latter is sited on the river of the same name which, due its flow volume, will require the use of sheet piling and the execution of peninsulas.

- **Expansion of the Cañas-Liberia road (Costa Rica).** The work involves the rehabilitation of 50.3 kilometres of existing two-lane road and expanding it to four lanes (two in each direction). Among the main activities is the construction of embankments for the two new lanes, the realignment and expansion of the drainage system and the rehabilitation and construction of the pavement using hydraulic concrete. In addition, the construction of other facilities such as bus bays, walkways and pavements, bike lanes, animal crossings and road signs is also planned. The inclusion of Addendum 2 to the contract added the construction of three overpasses in urban population centres by replacing the initially designed level crossings. Currently the percentage of completion of the work is 97%. Work is being done on horizontal and vertical signage, the placement of safety fences and completion of pedestrian bridges.
- **Constanza bypass (Romania).** This is part of Bucharest's ring road network and is aimed at improving traffic flow and connecting this ring road with the A2 motorway to Constanta. The route is 22 kilometres long and is located west of the city of Constance. It includes five interchanges and 26 structures, including six viaducts, six bridges, eight overpasses and six underpasses. It has two, 3.75 lanes in each direction, a four-metre central divider and a three-metre emergency lane. The highway runs mostly on embankments on soils with a low bearing capacity; therefore, to make settlement consistent and due to the characteristics of the terrain, gravel columns measuring one metre in diameter and six meters deep will be required for embankments over five metres high.



Almonte viaduct (Spain).

Bridges

The most notable events during the course of 2015 include:

- **Closure of the Almonte viaduct arch (Spain).** In August, FCC Construcción successfully completing the locking and closure of the arch of the Almonte with the keystone. This viaduct is located within the Alcántara-Garrovillas Reservoir subsection, which is 6.3 kilometres long and part of the Madrid-Extremadura-Portuguese-border high speed train line in the province of Cáceres. The viaduct, with a total length of 996 metres, runs 80.70 metres above the river bed. It has a single central arch span of 384 metres, making it the railway bridge with the largest reinforced concrete arch span in the world.

The most noteworthy works in progress are detailed below:

- **Gerald Desmond Bridge in Los Angeles (United States).** FCC is progressing in the construction of the two monopole towers about 155 metres tall that will support the cable-stayed part of the bridge deck, which has a main span of 305 metres and which will enable the construction of approach viaducts executed span by span. The manufacture of the metal bridge deck which will finalise the structure of the main bridge will begin in February. Overall, the work currently presents a progress-to-completion of approximately 41%. The project includes the design, the replacement of the old bridge and the construction of the new one in the Port of Long Beach in Los Angeles. The new bridge is a cable stayed bridge with a main span that is 305 metres long located 61 metres over the Back Channel in the Port of Long Beach.

- ***Mersey Gateway Project* (United Kingdom)**. Design, construction, financing, maintenance and operation of the bridge over the River Mersey in Liverpool (UK), which will be 2.13 kilometres long and serve about 80,000 vehicles per day. The most unique element of the whole contract is the cable stayed bridge, which measures one-kilometre-long, 42 metres wide and has a maximum height of 125 metres. The project also includes the upgrade of seven kilometres of access roads, 2.5 kilometres of new motorways and the renovation of another 4.5 kilometres of motorway, as well as various road connections. The Mersey Gateway Project won two awards in 2015: the PFI "European Infrastructure 2014" award and the "European Road Deal of the year" from IJGlobal, in February and March respectively.
- **Lusail pedestrian bridges (Qatar).** The project, which FCC is currently finalising in the vicinity of Doha, involves the construction of two pedestrian bridges as part of the development of the new city of Lusail with a 99% progress-to-completion. Work is being done on the final finishing stage prior to the reception of works by the Lusail Real Estate Development Company. The two structures are twins of identical type (cable stayed bridge deck with three spans of 30+60+30 metres). The only variation between the two bridges is the dimension of the approach ramps to the bridge deck, each of which has a symmetrical structure. The concept on which this architectural approach is based to create a one-of-a-kind recreational space over the water and its vicinity, with both structures provided with solutions like kiosks, located at the nodes (pylons) of the symmetrical shapes; ornamental fountains; landscaping; metal lattices with glass covers at ground level in the spaces made by the intertwined design and pergolas in the cable-stayed area of the bridge.



El Dorado International Airport Control Tower. Bogota (Colombia).

Airport works

The most notable events during the course of 2015 include:

- **Inauguration of the new control tower and the management centre at El Dorado airport (Colombia).** In December, the president of Colombia, Juan Manuel Santos inaugurated the new Civil Aviation management building and control tower at El Dorado International Airport in Bogota. After a period of forty months, an investment totalling some 50 million euros and a total area of 16,000 square metres, FCC is finalising infrastructure that will have a decisive influence on the growth of air traffic volume at the airport. The new building, which measures about 90 metres tall, has become the tallest and best-equipped control tower in Latin America and equipped with air traffic control systems that will ensure the best air navigation services in the region.

Most noteworthy works in progress:

- **Coopesa hangar at Juan Santamaria International Airport in Alajuela (Costa Rica).** The work includes the design and construction of a hangar for aircraft maintenance and its associated approach; taxiways, facilities and related services, and the provision of auxiliary equipment for the Costa Rica CETAC/DGAC.
  - Phase I. Civil works: design approved. The start order is for the 18 March 2015 and launches the earthworks and foundation work.
  - Phase II. Other activities: pending approval of permits.



Filling tests of the PAC 4 in the Panama Canal expansion programme (Panama).

Hydraulic works

The most noteworthy events this year include:

- **Inauguration of the Alcollarín Dam (Caceres, Spain).** Report and first filling of the dam. This infrastructure, inaugurated in January, has a reservoir capacity of more than 51 cubic hectometres and will enable the regulation of the River Alcollarín, the improvement of the water supply for the surrounding municipalities and the management of the Orellana Canal and the central area of Extremadura. The dam is of the conventional type and is composed of more than forty vibrated concrete blocks, but it has a peculiarity, since a canal that connects the García Sola Reservoir with the Búrdalo Dam runs over the structure. It is 31 metres high and 625 metres long. In total, 25.5 kilometres of coastline, divided among the towns of Alcollarín, Zorita, Conquista de la Sierra and Abertura, were obtained.

- **Completion of the filling tests of the PAC 4 (Panama).** In September, the ICA-FCC-MECO consortium began filling the new access channel linking Corte Culebra with the third set of locks in the Pacific sector as part of the project of the fourth phase of the dry excavation of the Pacific Access Channel in the Panama Canal expansion programme. The new channel measures 6.1 kilometres long and 218 metres wide. The bottom of the excavation is 9.14 metres above sea level.

- **Commissioning of the metropolitan sewer pipeline (Costa Rica).** The work began operations in October 2015 and consists of a wastewater pipeline from pipelines from the Maria Aguilar, Rivera, Tiribí and Torres basins from the end of the transfer tunnel (the subject of a previous tender) to the Los Tajos wastewater treatment plant currently under construction. It is 3.11 kilometres long and will have a capacity of 7,821 litres per second. It is designed to be built on the right bank of the River Torres. It will be executed in two sections: one glass fibre with reinforced plastic pipe (GFRP) with diameters of 1.6 and 1.8 metres, and another, ductile iron, pipe with the same diameters which is supported on reinforced concrete pedestals. Fifty shafts must be executed. The contract comprises two stages; the first, from shaft E-18 to kilometre point 1.250 to the junction box in the Wastewater Treatment Plant (WWTP), not included in the project, which must be implemented in the first six months so that it will be operational; and the second, from the beginning to shaft E-18, must be completed in the remaining four months, though it can be started simultaneously with the first stage.



Alcollarín Dam. Cáceres (Spain).

The most noteworthy works in progress in 2015 were:

- **Enciso Dam on the River Cidacos (La Rioja, Spain).** Construction continues on the dam, on which there have been a series of updated studies carried out on the thermal and tensional behaviour of the structures. It has a height on its foundation of 103.12 metres and is 375.60 metres long at its crest, forming a reservoir of 46.50 cubic hectometres. This is a straight gravity dam executed with roller-compacted concrete, with an approximate volume of the dam body of 711,000 cubic metres. Extensive studies and tests have made it possible to execute this dam with a batching that covered the entire section because it was possible to compact by mixture along the wall faces by a vibration system. The work will help improve the water supply for domestic, agricultural (up 8,000 hectares) and industrial use.
- **Castrovido Dam (Burgos, Spain).** The conventional concreting of the main dam continues. This infrastructure, with a progress-to-finish of about 80%, is located in the municipality of Salas de los Infantes. It has a capacity of 44 cubic hectometres, occupies an area of some 214 hectares and the dam's normal maximum reservoir level is 1,032 metres above sea level. The dam will facilitate the supply of water to more than 30,000 people and improve the availability of irrigation for 6,000 hectares, with the consequent social and economic benefit, aspects that Isabel García Tejerina, the Minister of Agriculture, Food and Environment, considered appropriate to highlight during her visit to the site.
- **Heightening of the Yesa Dam (Navarra, Spain).** The execution of the body of the dam continues. There have been numerous specific tests on dam body deformation for varying heights. An updated calculation of the deformations of the dam has been made. This work almost triples (2.4 times) the capacity of the Yesa Dam's current reservoir to1,080 cubic hectometres. The new gravel dam with concrete screen has a height of 98 metres and a crest length of 430 metres. The body of the dam will have a volume of 3.3 million cubic metres. Several works were executed previously, like the extension of the bottom outlets, a new connection to the Bardenas Canal and other works of geotechnical nature The work will result in a multiyear reservoir that will expand the areas of irrigated land in zones around Bardenas and in Zaragoza's Cinco Villas region.
- **Decontamination of the Flix Reservoir (Tarragona, Spain).** The execution of this project, located in the Ribera de Ebro region, is the eradication of more than a century of toxic waste in the River Ebro from the industrial activities carried out in the area. Altogether, the works include complementary actions like installing an emergency supply for cities located downstream of Flix and, thereby preventing the risk of pollution and providing protection of the Sebes Natural Reserve, located on the bank opposite the factory.
- **Ribeiradio Dam (Portugal).** Completion and delivery of the concrete gravity dam with a circular directrix, with 262 metres of crest and a maximum height of 74 metres. Its spillway consists of three spans 13x13 metres long with segment-type flood gates (Taintor) and a bottom outlet with a diameter of 2.5 metres.

- **Ermida Dam (Portugal).** Completion and delivery of the concrete gravity dam with a straight directrix (175.1 metres at the crest) and maximum height of 35 metres. It has a free overfall spillway, a bottom outlet of 1,2x1,5 metres and a 30 metre stilling pool.
- **Dredging of the River Bogotá (Colombia).** The works involve the relocation and reinforcement of existing side groynes, as well as the deepening and widening of the river channel, including dredging material with a certain degree of contamination to be pre-treated prior to their transfer to authorised waste disposal sites. The project also includes the implementation of a landscaping project to recover areas of ecological interest (wetlands and meanders), the construction of a pumping station and hydraulic protection of four bridges. It will involve the demolition of several buildings and engineering structures and will affect sewerage and drainage elements that will have to be replaced.
- **Bajo Frio Hydroelectric Project (Panama).** The project involves the construction of a gravity dam that is 56 metres tall and 405 metres long constructed with blocks of conventional and roller-compacted concretes and closed on the left bank with a loose material embankment dam. It has a free overfall spillway that is 90 metres long and has a capacity to drain 2,100 cubic metres per second, and another double conduit measuring 6x5 metres with the capacity to drain 700 cubic metres per second. The project includes two powerhouses and finalises with the upgrading of the roads accessing the dam, a bridge over the River Chiriquí, a 2.1-kilometre-long raceway, the forebay and the headworks for the Salsipuedes powerhouse located at the end of the headrace canal, and a tailrace of about 110 metres in length through which the water is returned to the River Chiriquí Viejo.



Port of El Callao (Peru).

- **Execution of the final phases of the PAC 4 construction works (Panama).** This project involves the excavation of a new channel in the Panama Canal that will link the new locks with the so-called Corte Culebra, the narrowest stretch of the waterway, near the entrance to the Canal on the Pacific Ocean side. The work involves the construction of 3.7 kilometres of 200-metre-wide canal to reach the Pacific locks. The project includes a loose material embankment dam that is 2.4 kilometres long, the excavation, transport and disposal of about 27 million cubic metres of material (mostly rock), the construction of access roads and water drainage diversion canals, the construction and deposits and the cleaning of approximately 80 hectares of shooting range.

Maritime works

The most noteworthy works in progress are:

- **The expansion of the Port of El Callao (Peru).** The project involved the expansion of Piers 5 (560 metres long) and 11 (280 metres long) in order to increase berthing capacity and the construction of new facilities (an administrative building, a car park and a leisure centre). The first (Number 5) is intended for container management and loading minerals. Pier 11, meanwhile, is equipped with silos with a total capacity of 25,000 tonnes for cater for the import of agricultural products. During the expansion work, FCC has had to dredge in order to reach a depth of 16 metres and create a superstructure on steel piles and concrete beams.

- **Port of Açu (Brazil).** The project consists of the construction of the TX-1 terminal in Brazil's Port of Açu, located in the municipality of São João de Barra (north-eastern Brazil), an area where 85% of the country's oil and gas is produced.

  The project includes the construction of a 2.4 kilometre caisson pier built by manufacturing and anchoring 47 reinforced concrete caissons, and a 600 metre rubble mound breakwater. The customer is the company comprising Prumo Logística and Angloamerican which make up the company called FERROPORT. Currently, the progress-to-finish is approximately 98% and completion is expected during the first half of 2016. Worthy of note in this project is the construction and transport of 11 caissons built in Spain and then transported to Brazil on semi-submersible vessels.

- **New Port of Granadilla, Tenerife (Spain).** The project involves the construction of an outer breakwater that is 2.51 kilometres long. It starts out as a rubble-mound-type breakwater about 600 metres long, and continues along the same alignment, but as vertical breakwater for a total of about 730 metres in a direction perpendicular to the coast. The second alignment is about 680 metres and the remaining 880 metres reach the third alignment, at the end of which there will be a perpendicular jog 150 metres long. The vertical breakwater consists of caissons resting on a bank that generally surpasses 10 metres in height.

- **Rezoning of several islands, Faro and Olhão (Portugal).** The goal is to return nature to several islets (Height, Côco, Cobra, Ramalhetes and Ratas) and Deserta Island on the southern Algarve coast. The selective demolition of all illegal structures built and the removal of infectious species, in addition to the manual cleaning of debris, reprofiling the land and planting native species are all included. Access is by sea.

- **Dredging of the Ria Formosa, Tavira (Portugal).** In the midst of the Ria Formosa Natural Park, this work consists of dredging the Cabanas, Santa Luzia and Quatro Águas canals and the Tavira Delta for the subsequent deposit as reinforcement for the beach dunes in Tavira. This work ensures the supply to Tavira Beach, in addition to restoring the navigability of the surrounding canals. The dredging will be performed with a 245 cubic metre capacity suction dredger; a fixed pipe next to the beach will push back the dredged sediments. After levelling the sand into the shape planned, dune regenerators will be placed on strips of eucalyptus.

Non-residential building

The most noteworthy events during the course of 2015 include:

- **Grangegorman University (Ireland).** With a budget of 230 million euros, this project is an integral part of the development of educational, commercial, residential and healthcare facilities to be developed at this site. It consists of the design, construction, financing and maintenance of two buildings: Central Quad and East Quad whose floor areas are 35,280 and 16,964 square metres respectively. Central Quad, which has a U-shaped layout, consists of a ground floor and five upper floors, plus an additional floor for installations, which isn't covered by a roof in the east and west wings. East Quad varies in height and has a ground floor and three floors on the west end, and a ground floor and five other floors on the east end. Besides the buildings, the project also includes development works and landscaping.

- **Haren Prison (Belgium).** This project is currently in the preferred bidder phase. It consists of the design, construction, financing, maintenance and operation of Haren Prison, near Brussels (Belgium). The prison, with a capacity for 1,190 inmates, will consist of eighteen buildings and a floor space of 108,000 square metres. The contract signing and commencement of construction work are expected to take place the fourth quarter of 2016, after the licences have been obtained. The estimated duration of the work will be 32 months.

The most noteworthy contract awarded during 2015 were:

- **Valladolid Military Hospital (Spain)**. In February, Castilla y León Sociedad Patrimonial, S.A.U. awarded FCC the contract for the refurbishment of the arcaded ground floor located in Building Four of the Valladolid Military totalling 1.8 million euros, excluding taxes, which currently houses the Reginal Government offices of Castilla y León. The project's goal is to locate a data processing centre inside, with all the necessary facilities; two floors are to undergo refurbishment.

Most noteworthy works in progre:

- **Salamanca Hospital (Spain)**. This work involves the drafting and implementation of the design project for the University of Salamanca's Healthcare Complex which will take place in three phases. The existing Hospital Clínico will have to be demolished before the final phase can be executed. With a floor area of 183,433 square metres, the new building is planned to house 957 beds, 25 operating theatres, 315 outpatient consulting rooms, nuclear medicine, teaching and research. The approximate budget is 206.5 million euros. The progress-to-finish is currently approximately 25% it is estimated that the works will be completed in the spring of 2020.



Luis "Chicho" Fábrega Hospital. Veraguas (Panama).

- **Linea de la Concepción Hospital (Cádiz, Spain).** Execution of a new hospital building comprising six blocks joined by connecting walkways. Two of the blocks, each of which has two floors, will be destined to patient consulting rooms, examination rooms and radiology. Two others, each of which has five floors, will be destined to hospitalisation and the emergency department. A fifth will be used for industrial purposes and will house a large part of the machinery for the required installations. The remaining block will house the cafeteria, nursery and shopping area. The basement will be used for parking. Altogether, there are 36,226 square metres of functional areas to be built and an additional 8,222 square metres in available areas. The project design also includes a helipad on the sixth floor with a circular diameter of 37.80 metres set on pillars, a new set of access roads and the required installations. The current progress-to-finish is 83%.

- **Ciudad de la Salud (Panama).** This project involves the design, urban development, environmental impact, construction, financing and equipment of Panama's Ciudad de la Salud facilities. The healthcare facilities will have an area of 220,000 square metres and be equipped with 49 operating theatres, more than 200 outpatient consulting rooms and 1,709 beds, thus becoming the benchmark hospital in the Central American region due to its equipment and functionality. This medical complex comprises seventeen buildings that will house the specialties of paediatrics, cardiology, internal medicine, maternal and child consulting rooms, surgical facilities, outpatient facilities and a day hospital, several specialised rehabilitation institutes and a hospital residence. The current progress-to-finish of the work is 44%.



Colegio Alemán. Madrid (Spain).

Completed works:

- **Luis "Chicho" Fabrega Hospital, Veraguas (Panama).** The new hospital, built in the province of Veraguas and in service since June 2015, has an area of 46,460 square metres. It has capacity for 330 beds on the ground floor. The basement houses the central services and the hospitalisation and on-call doctors are located in the in the five-storey building. The building has shallow foundations, concrete and glass façades and an inverted roof. It has three traffic routes that will serve as the building's backbone system: an outer traffic route for doctors' visits and outpatient; a first restricted inner traffic route leading to the diagnosis and treatment areas located in the main building; and a second interior route that will be exclusively for internal and service staff.
- **Colegio Alemán (Madrid, Spain).** This project included the construction of three teaching buildings (nursery, primary and secondary) and three service buildings (cafeteria, auditorium and sport centre). It also has two outdoor covered areas. All parts of the building located below ground level were built with waterproof concrete. The buildings have slab-on-grade foundations. Installed over them is a thermal maze of concrete walls, which helps to control the building temperature by taking advantage of the change in temperature of the air that is circulated through this maze.
- **Rehabilitation of Forte da Graça, Elvas (Portugal).** Listed as a National Monument and World Heritage Site by UNESCO, the rehabilitation work was completed in October. In addition to the rehabilitation of the buildings housed inside the fort, which has an area of 12 hectares, and the work also included the restoration of historical paintings and engravings.

  The inauguration of the work in late November was presided over by Aníbal Cavaco Silva, President of Portugal. The importance of FCC's work this time not only lies in the restoration of a monument of great historical and artistic value, but also in the boost to the local economy from the work given to more than two hundred people in the area, and in the preservation of the surrounding environment to protect the species of bats living there.

Residential building

- **Housing in Arroyofresno, Montearroyo (Madrid, Spain).** The work involves the construction of 210 houses with two car park basements, a semi-basement and business premises. The foundation and structure will be constructed using reinforced concrete with a pile wall and the floor framework will be made of single-direction beams and slabs.
- **Torre Madrid Housing (Madrid, Spain).** In February, Metrovacesa awarded FCC Construcción the contract for the demolition work, associated structure and exterior carpentry for the Torre de Madrid in the Plaza de España for 2.1 million euros. The works will be carried out from the basement floor to the ninth floor with the aim of adapting them in the future for use as a luxury hotel.

Management systems

FCC Construcción has been successfully implementing its Management and Sustainability System wherever the company does business. To do this, it constantly adapts procedures, computer applications, forms and records so that they meet any needs that may arise because of this activity in the areas where it operates. The priority continues to be on satisfying customers beyond their expectations with a commitment to complying with the quality assurance requirements that characterises FCC.

In addition, with the aim of adding greater credibility to its quality management, the infrastructure area of the Citizen Services Group completed the system certification for 100% of its activity, including the twenty-four countries where FCC Construcción operates. In addition, as a new feature, this year the scope of the certificate was expanded to concession activity.

Part of the commitment to customers is framed within Information Security. Through indicators, FCC Construcción, the only Spanish construction company that has ISO 27001 certification for its information security management system, measures the appropriateness of the countermeasures established from the perspective of security in order to maintain oversight in the event of potential threats to its information assets and to protect its customers. In 2015, certification by the new, recently published, ISO 27001 standard was obtained.

Certified Management Systems

		Scope (% of activity certified)	
Management Area	Standard	Total (international included)	Spain
Quality	ISO 9001	100%	100%
Environment	ISO 14001	100%	100%
Occupational Health and Safety	OHSAS 18001	91.1%	99.4%
GHG emissions	ISO 14064	36.1%	70.3%
Information Security	ISO 27001	36.1%	70.3%
R&D&I Management	UNE 166002	NA	70.3%

Occupational Health and Safety

International activity related to the occupational health and safety has increased to the same extent as that of FCC Construcción's business outside Spain.

In Spain, the Occupational Health and Safety Management System is completely implemented under OHSAS 18001 certification in the construction area. It should be noted that external maintenance audits for OHSAS 18001 certification have been conducted of all the business areas with optimal results.

In addition, the system has an optimal occupational health and safety management tool that incorporates a scorecard that measures performance which facilitates control and substantially optimises the monitoring of the objectives in this area.

Reducing the accident rate remains a priority. Given that the profiles of accidents in the business sector are changing as the business, staff and overall circumstances change, the information obtained daily from the Accident and Incident Reports received by FCC Construcción is especially valuable and constitutes a basic working tool for achieving "0 accidents". Limiting, just like the Infrastructure Area, the values achieved for frequency, severity, incidence and absenteeism rates, reinforces even more the control over accident trends at the organisation's local and global levels.

The management of training as an essential resource for achieving the company's objectives is a fundamental indicator in planning its organisations' occupational health and safety activities. The training set out in the General Construction Labour Agreement continued to be provided during 2015.

Related to the implementation of occupational health and safety programme and actions, the company's focus from the perspective of occupational health and safety is broader and takes into account not only the absence of injury or illness but also its workers' state of wellbeing.

In the area of Research, Development and Innovation (R&D&I), FCC Construcción takes parts in large projects sponsored by the Public Administration.

There has also been close collaboration with several universities on the issue of occupational health and safety for students in the last year of their studies, like at the University of Cantabria's School of Civil Engineering.

In addition, FCC Construcción actively participates and collaborates with agencies and leading platforms in the area of occupational health and safety both nationally and internationally, such as the National Commission on Occupational Health and Safety, the National Institute, the Regional Institute, the European Agency, the ENCORD Platform, culminating in decision-making at European level via the presidency of the European Construction Industry Federation (FIEC), the "social partner" officially recognised by the European Commission.

Environment

To achieve a balance between maintaining profitability and reducing environmental impacts, this year the Environmental Management System certification in accordance with ISO 14001 was increased to cover all the activities carried out in the twenty-four countries where FCC does business, e.g., 100% of its turnover.

While performing its responsibility, FCC Construcción believes that the achievements and the processes developed should set a standard for behaviour and be part of the culture of the construction industry worldwide, and should contribute the knowledge and criteria acquired to the community. This is why it takes part in and leads many national technical committees (AEN/CTN 198/SC2 "Sustainability in infrastructure" of which it holds the presidency), and international committees (CEN-TC 165 Wastewater Engineering CEN/TC 350 "Sustainability of construction works", where it chairs the WG6, the ISO/TC 59/SC 17 "Building construction/sustainability in building construction", where it heads the Committee on Sustainability in Civil Works (WG5), and ISO/TC 207 "Environmental Management ", among others). It also has an active presence in the technical associations that are most relevant to its area of activity, such as the Scientific and Technical Structural Concrete Association, the Technical Association of Ports and Coasts-PIANC and committees on large dams. It chairs the Technical Committee on "Engineering Planning Activities" of SPANCOLD and is the Spanish representative for water planning at ICOLD on an international level, etc.

FCC Construcción has been certified under ISO 50001, Energy Management Systems with regard to its corporate headquarters in Las Tablas, in Madrid. This management system provides third-party assurance of the systematic control and monitoring of energy-related aspects and continuous improvement in energy performance. This contributes to a more efficient and more sustainable use of energy and bestows confidence to the management system. The company has also calculated and verified via a thirty party its greenhouse gas emissions in Spain since 2011.

FCC Construcción's policy has incorporated new environmental and social criteria that reflect its commitment to society. As a reflection of this commitment, new activities have been carried out, like the publication of new procedures and guidelines related to the conservation and management of biodiversity, interaction with local communities, management of cultural heritage and the definition and implementation of metrics to evaluate the social and environmental sustainability in new tenders. These are fundamental issues that demonstrate its commitment and aligns it with IFC Performance Standards.

Corporate Social Responsibility

This year, FCC Construcción has updated its 2013-2014 Sustainability Report, in line with its practice of publishing every second year and updating information in alternate years. It has also published the 2014 Annual Progress Report which, for the fourth consecutive year, has won the "*Advanced Level* ", the highest rating awarded by the United Nations Global Compact.

It has also published the 2015 Environmental Communication, which reports on its activity in the field of care and respect for the environment and also provides quantitative information on results in this area worldwide.

It has incorporated social criteria into the Management System's policy, procedures, guidelines and computer applications to demonstrate compliance with the IFC Performance Standards and the Equator Principles.

It has also undertaken the modification of the assessment of suppliers, including social and human rights criteria, and defined and implemented a metric to assess the social and environmental sustainability of projects in the bidding stage which has already allowed to categorise offers this year with a view to establishing greater precautionary measures wherever there was greater risk. It has recorded its greenhouse gas emissions inventory in the Carbon Footprint, Compensation and Absorption Projects Register; it was the first construction company to do so and the ninth company in all sectors.

Finally, it is worthy of noting that FCC is part of the newly created Committee on Transparency and Social Responsibility within the Civil Engineers Professional Organisation, which promotes behaviours and activities that involve companies and engineers in a culture of transparency and responsibility.



LNG regasification plant. Quintero (Chile).

Technological development. Department of innovation: R&D&I

FCC Construcción promotes an active policy of technological development, applying innovation to their works, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as factors of competitiveness.

The development and use of innovative technologies for executing works is an important added value and a differentiating factor in today's highly competitive and internationalised market.

In this regard, it is important to note the company's active participation in European R&D&I organisations like the European Construction Technology Platform (ECTP), the E2BA Association (Energy Efficient Buildings Association) the reFINE initiative (Research for Future Infrastructure Networks in Europe), all linked to the European Horizon 2020 programme, or the ENCORD network (European Network of Construction Companies for Research and Development). 2015 saw a boost to the process, now finalised, of integrating the E2BA Association into the European Construction Technology Platform and the participation in the first Steering Committee of the ECTP INNOVATIVE BUILT ENVIRONMENT.

Nationally, FCC participates in the Plataforma Tecnológica Española de Construcción (Spanish Construction Technology Platform) and is actively present in the Platform's Foundation, its Standing Committee and its working groups. It also has a strong presence on the Seopan R&D&I Commissions, whose presidency was held by FCC Construcción from 2012 until June 2015 and it participates, as part of the R&D&I Commission of the Spanish Confederation of Employers' Organisation in the Internationalisation and Smart-Cities commissions. It also participates in the AENOR Standards for the Connected Industry 4.0 forum.

All these organisations aim to define the role of the company as a driving force for R&D&I in the construction sector in accordance with the proposals of the European H2020 programme and the 2013-2020 Spanish Strategy for Science and Technology and Innovation. It is also active in the ADIF (Spain's railway infrastructure administration) Railway Technology Centre in Malaga.

FCC Construcción and its subsidiaries implement a large number of R&D&I projects, some of which are carried out in partnership with government bodies, like the one with ADIF in the European LIFE "Zero Impact" project or the "BOVETRANS" project with the Murcia Roads Department, subject to special monitoring by the National Roads Agency.

Projects initiated in previous years have been finalised, like APANTALLA, which was researching the new nanostructured materials with improved shielding against electromagnetic radiation properties; SEIRCO, a smart expert system for assessing risks in different environments in the construction sector; BOVETRANS, the development of a system of lighted transition vaults in road tunnels that make the most of sunlight, and other elements.

During 2015, work was done on national projects originating in tenders from earlier years, like DOVICAIM, which investigates floating reinforced concrete caissons, led by FCC and directly focused on current challenges in international coastal works; MERLIN, aimed at developing better local infrastructure rehabilitation; SORT-i (optical systems for transient risk management) and SETH (integral structural monitoring system based on holistic building technologies) both projects concerning security.

During 2015 work on the DANAE project has commenced, aimed at smart regulation in tunnel lighting, led by MATINSA.

At the European level, within the H2020 programme, approval was given to the IN2RAIL (Innovative Intelligent Rail) project, aimed at establishing the foundations for a flexible, homogeneous, cost-effective, high capacity and digitised European rail network, and the NANOFASE (Nanomaterial Fate and Speciation in the Environment) project, aimed at determining the fate of nanomaterials in the environment.

Work has continued on the European Eco-innovation REWASTEE project, aimed at industrial validation, market implementation and production of a technology developed for both recycling steel waste and for the manufacture of multifunctional construction products.

Work also continued on the BUILDSMART (Energy Efficient Solutions Ready for the Market) project, SMARTBLIND, (Development of an active film for smart windows with inkjet method) and the LIFE IMPACTO CERO project, whose objective is the development of a bird impact protection screen based on freestanding tubes. The CETIEB (Cost Effective Tools for Better Indoor Environment in Retrofitted Energy Efficient Buildings) project was finalised. Work was also done on two Servia Cantó projects: ASPHALTGEN, a new paving asphalt with self-regenerating features based on the technology of ionic liquids encapsulated in inorganic materials; and GUIDENANO, based on innovative methodologies for assessing and managing risks to human health and the environment related to nanoparticle products, considering the entire life-cycle of the product.

Through the company's implemented and certified management system, a structure has been created to detect the innovation that takes place in the context of the Company's normal activity and bringing value to them through the relevant certification process.

FCC Industrial

FCC Industrial is the Citizen Services Group company that specialises in the design and execution of projects and construction of industrial works that operates in the following business lines:

- Turnkey projects (EPC).
- Industrial construction.
- Electromechanical installations.
- Energy maintenance and efficiency.
- Systems.

The company's operations are grouped into four divisions:

- LNG Projects and Industrial Construction Division.
- Logistics and Oil & Gas Storage Division.
- Electrical Distribution Networks Division.
- Electromechanical Installations, Maintenance and Systems (IMS) Division.

In turn, Industrial FCC has staff divisions that support production activities with an operating division in America that has permanent branches established in Mexico, Panama and Colombia, as well as another division in Saudi Arabia.

Each of the operating divisions has the capacity to provide services within the Company's various lines of business. For example, in 2015 power grid projects were executed, both under the turnkey (EPC) model as well as in the installation and assembly or maintenance for electrical utilities model.

2015 saw the consolidation of the Company's international presence, with projects commenced in Mexico, Panama, Peru, Chile, Colombia, Saudi Arabia, Ireland, Finland and the United Kingdom.



Campeche Electrical Substation (Mexico).

FCC Industrial's 2015 turnover totalled 189 million euros: 10% higher than the previous year. Of the total turnover, 30% comes from international business.

During 2015, FCC Industrial secured contracts totalling 223 million euros, with an execution backlog of 209 million euros. 39% of the backlog is in foreign contracts.

Projects in which FCC Industrial participated during 2015 include:

Turnkey projects (EPC)

- Double containment LNG cryogenic tank with a capacity of 30,000 cubic metres in Pori (Finland) for Skangas.
- Enlargement of the regasification plant to expand the production capacity of the plant by 50% in Quintero (Chile) for GNL Quintero.
- Engineering works to increase storage capacity for LPG in Callao Terminal (Peru) for Vopak Perú. They consist of installing three LPG storage spheres holding 30,000 barrels each, ancillary and tank loading facilities, and an LPG pipeline for connection to port loading facilities.

- 115-kilovolt double-circuit high-voltage underground lines, 14 MT (medium voltage) lines and a five-bay GIS substation in Campeche (Mexico) for CFE.
- Modernization of two 115 kilovolt substations in Colombia for ESSA (subsidiary of EPM)).
- Remodelling of the airport installations and fire hydrant system at Dublin Airport (Ireland). The works involve the construction of three storage tanks, each with a 5,000 cubic-metre capacity and its associated facilities, a tank loader, the underground pipes and hydrant installations for refuelling on the runway for airplanes, and fire protection facilities. The ancillary facilities and buildings will also be built and the existing facilities will be disassembled and demolished.

Industrial construction

- Eden Residence, Granada, for a private developer.
- Mariña-Lucense gas pipeline in Lugo, Galicia, for Gas Natural Fenosa.
- Samalayuca-Sásabe gas pipeline (Mexico). Construction of a 610 km long gas pipeline with a pipe diameter of 36 inches. It will pass through the states of Chihuahua and Sonora.
- Urban development of the theatre and cultural centre in Coslada, Madrid for Hipercor.
- Data Processing Centre in Murcia for Kio Networks.
- Remodelling of the Castellana 278 and 280 buildings in Madrid for Metrovacesa.

Electromechanical, control and communications installations

- Rehabilitation of the old Albaida Palace for use as the headquarters of Omega Capital, S.A. on Fortuny Street in Madrid.
- Salamanca Hospital.
- Reform and extension of the building for the National High Court on Génova Street in Madrid.
- New theatre in Coslada (Madrid).
- New library in Coslada (Madrid).
- Extension of the runway lighting at Santiago de Compostela Airport for Aena.
- Comprehensive reform and upgrade to current standards of the cold production equipment in Torre Picasso in Madrid.
- New Chicho Fabregá Hospital in Panama.
- New hospital healthcare complex in Panama City.
- Comprehensive reform of gallery management systems and installations for the Madrid City Council.



National High Court in Madrid (Spain).

- Electrical and control installations in the tunnels of La Minilla (Granada).
- Secondary school in Montilla (Córdoba).
- Orange buildings and sub-exchanges (Madrid).
- Linea de la Concepción Hospital (Cádiz, Spain).
- Ronda Hospital (Málaga).
- Installations in the basement of the Peineta Stadium (Madrid).
- Tarrasa station.
- Remodelling of the headquarters of the OHIM (Office for Domestic Market Harmonisation) in Alicante.
- Nuevo Necaxa tunnels in Mexico.
- New Spanish headquarters for the shipping company MSC, built in Valencia.
- Reform of the flight control centre in the Canary Islands for Enaire.
- Mercat Central in Castellón.

Railway installations

- Catenary for the Atlantic Axis for ADIF. The works include installing 400 kilometres of catenary power lines; of these, 160 are already in service, leaving another 240 pending execution.
- Drafting of construction project designs, execution of works, conservation and maintenance of security installations, train protection systems, centralised traffic control, auxiliary detection systems, fixed telecommunications, GSM-R and protection and security installations for the Madrid-Levante high-speed rail line along the Monforte del Cid-Murcia section.
- Execution of works, conservation and maintenance of safety and security installations, train protection systems, centralised traffic control, auxiliary detection systems, fixed telecommunications, GSM-R and protection and security installations for the connection of the Mediterranean corridor to the Madrid-Barcelona-French border high-speed rail line along the Vandellos-Camp de Tarragona section.
- Security and civil protection installations in the Vigo Das Maceiras tunnel on the Vigo-A Coruña high-speed rail line.
- Design and construction of civil protection installations in the Figueras-Barcelona tunnels.



Catenary for the Atlantic Axis for ADIF (Spain).

Energy maintenance and efficiency

Renewable energy

- Operation and maintenance of the 50 megawatt solar-thermal power generation plant in Palma del Río (Córdoba) for Guzmán Energía.
- Operation and maintenance of the 50 megawatt solar-thermal power generation plant in Villena (Alicante) for Enerstar Villena.
- Operation and maintenance of the 20 megawatt photovoltaic power generation plant in Espejo (Córdoba).

Electrical networks

- Maintenance and execution of new works on medium-voltage/low-voltage (MV/LV) distribution networks in the Barcelona area in districts 5, 6, 7, 8, 9 and 10–Sant Adrià–Santa Coloma–Badalona (Catalonia Centro Division), to be performed for Endesa Distribución Eléctrica during the period June 2013-May 2016.
- Maintenance and execution of new works on MV/LV distribution networks in the areas of Pozuelo/Villalba, Albacete, Leon, Zamora, Levante and Toledo for Iberdrola. Awarded framework contract for the next three years.
- Maintenance and execution of new works on MV/LV distribution networks in the city of Madrid for Gas Natural Fenosa.
- Maintenance of sub-stations for Gas Natural Fenosa in Ciudad Real and Toledo.

Comprehensive maintenance of buildings and their heating and cooling systems

- Maintenance of Malaga airport facilities.
- Maintenance and efficiency of the new hospital in Granada.
- Maintenance of La Candelaria Hospital in Tenerife.
- Maintenance of Son Dureta Hospital in Mallorca.
- Maintenance of Torre Castellana in Madrid.
- Instituto Cervantes headquarters on Alcalá Street in Madrid.
- Laboratorios Abbot and Laboratorios Amo (Famar).
- Air Navigation Control Centre for the southern region for Aena.
- Terminal 2 at Barcelona Airport for Aena.
- Palma de Mallorca Airport for Aena.
- Silken Hotels throughout Spain.
- Data processing centre in Murcia for KIO Networks.
- Social Security Treasury in Cordoba.
- National Social Security Institute in Seville.
- Torre Castellana for El Corte Ingles.
- Corporate headquarters. Grupo Prisa.
- Sogecable production centre in Tres Cantos.
- Storage and distribution warehouse for Editorial Santillana.
- Headquarters of the El País newspaper and the headquarters of the Cadena Ser radio station on Gran Via.
- Realia. Maintenance of facilities in several buildings:
  - Eisenhower Business Centre in Madrid.
  - East tower of the Torres KIO in Madrid.
  - Méndez Alvaro Business Centre in Madrid.
  - Ferial Plaza Shopping Centre in Guadalajara and Plaza Norte in Leganés (Madrid).
- Miscellaneous
  - Systems and energy in galleries and tunnels at Barajas Airport for Aena.
  - Systems on various motorways in Catalonia.
  - Barcelona Metro Line 9.
  - Facilities and systems for Málaga Metro Line 1.

Energy Efficiency

- Contract for energy management and efficiency for private developers in Nuevo Tres Cantos (Madrid).
- Contract for energy management and efficiency at Canary Island airports for Aena.
- Global, comprehensive actions for the maintenance and operation of public lighting in town councils, including investments aimed at improving the energy efficiency of the installations via actions aimed at the saving, measurement and control of energy consumption.
  - Cadiz town council.
  - Los Palacios (Seville) town council.
  - Madrid (Contract 3 Eastern Zone) town council.
  - Totana (Murcia) town council.
  - City of Isla Mayor (Seville).

Systems

- Shadow toll systems on C-25, Catalonia. CEDINSA.
- Integration of road tunnel control systems in the Huesca national roads, Montrepós for the Ministry of Public Works.
- Smart traffic management systems in road tunnels in Nuevo Necaxa, Mexico.
- Traffic management and control system for thirty tunnels on the ER-1 dual carriageway in Madeira, Portugal, for Vialitoral.
- Integrated management system for lighting, access and safety in Madrid tunnels for the City of Madrid City.
- Upgrade of the central control post (Spanish acronym PCC) in Medellín Metro (Colombia).
- Signalling system for the Medellín Metro (Colombia).
- Replicas for the simulation of the shooter's controls in the Army's Centauro, Pizarro and RG-31 armoured vehicles.
- Port operations simulation system for the Algeciras Bay Port Authority.
- TOPFAS, suite of tools for planning operations, for NATO's Communications and Information Agency.
- System for the Monitoring and Reconstruction of Air Operations for the TLP-Tactical Leadership Programme. The Air Force's logistics support command.



Integration of Road Tunnel Control Systems. Monrepós, Huesca (Spain).

R&D&I projects

- **Intelligence and Decision Strategies in Rail Tunnel Safety (ADIF) project.** Work on this project began in December 2013 and ended in March 2015.

  The scope of study is ventilation strategies and smart decision algorithms in situations involving serious incidents in rail tunnels.

  Two laboratories from the Politécnica University of Madrid: CEMIM (Centre for Modelling in Mechanical Engineering) and DIA (Department of Artificial Intelligence) participated in this R&D project as well as FCC Industrial's Systems Division.

  The first phase of the project was implemented in the AVE tunnel accessing the city of Vigo. This is a twin-tube tunnel measuring 8.5 kilometres long with seventeen emergency galleries.

- **Collaborations with FCC Construcción on the BUILDSMART project,** collaboration on energy efficiency (EU: Sweden, Ireland and Spain).

  Consumption of less than 60 kilowatt hours per square metre per year in newly constructed buildings.

Megaplas, S.A.

Megaplas and Megaplas Italia are the FCC Group companies that provide corporate image services at European level with implementation taking place through its two production, management and logistics centres, in Madrid and Turin (Italy).

Megaplas Group had a turnover of 19.6 million euros in 2015, an increase 19% compared to the previous year's turnover.

In the automotive sector, in 2015 Megaplas was named as one of two corporate image suppliers for Fiat Group at European level for the implementation (manufacture and installation) of the new image of the Alfa-Jeep concept on the continent and it continues to be corporate image provider for the other Group brands: Fiat, Lancia, Abarth and Fiat Professional, in addition to entrust it with the production of the new logo for the Alfa brand and the provision of furnishings inside the Fiat showroom.

This programme will extend over the next three years, and Megaplas will implement it in Spain, Portugal, France, Belgium, Italy, Holland, Hungary, Greece, Poland, Slovakia, the Czech Republic, Switzerland and Morocco.



KIA car dealer showroom in Valencia (Spain)..

Also in the automotive sector, Megaplas continues to implement the "Red Cube" image at the Kia dealers network in Spain with special installations like the one in Mercamoto in Valencia, where they have installed the first five metre logos.

This year, twelve of these installations were finalised. Along with those of previous years, there have been 20 dealerships in this category, totalling 50% of the installations of this type implemented throughout Europe.

Other noteworthy projects include the image of the Renault dealerships that Megaplas provides and installs in Spain and Italy, and the unique DISA service stations in the Canary Islands. As part of the organisation's continuous improvement activities, Megaplas began implementing LEAN techniques at its factory in Madrid.

Prefabricados Delta, S.A.

Prefabricados Delta has two permanent factories, located in Humanes (Madrid) and Puente Genil (Córdoba), dedicated to the execution of precast concrete products for civil works, like reinforced or prestressed concrete pipes with steel casings and monoblock and bi-block sleepers for railways, and the manufacture of fibre-reinforced polyester (GFRP) pipes.

The company's 2015 turnover totalled 23.97 million euros: 6.5% higher than the previous year.

In terms of contract volume, in 2015 Prefabricados Delta won contract totalling 22.8 million euros. Worth mentioning is the contract for the Riyadh Metro for the manufacture of 340 post-tensioned beams with 32-metre spans and their corresponding floor plates, for which a local factory has been set up and commissioned.

As already mentioned, Prefabricados Delta's 2015 production experienced a slight increase over the previous year. Thus, 2015's global production for products was as follows:

- More than 37 kilometres of glass-fibre reinforced plastic pipe (GFRP).
- 11 kilometres of steel-encased concrete pipe.
- 140,000 prestressed monoblock sleepers of different types.

Supplies for hydraulic pipelines

During 2015, more than 48 kilometres of pipeline were manufactured and supplied: 37.3 were glass-fibre reinforced polyester pipe; 7.01 were reinforced concrete pipes with metal sleeves with flexible joint; and almost four were post-stressed concrete pipes with metal sleeves.

The most noteworthy works included the following:

- Supply of steel-sleeved reinforced concrete pipe for the works for modernising the irrigation of the irrigation zone operating under the Canal del Páramo Bajo (León), Sector IV: supply pipes, irrigation and remote control network, a work carried out under SEIASA. This work includes two contracts: the first is the manufacture and supply of just over 5 kilometres of steel-encased reinforced pipes with a double flexible joint with an inner diameter of 2,000 mm and a maximum design pressure of four atmospheres and the second, for just under two kilometres of pipes of identical characteristics.

  These supplies have the special feature of including, in the project carried out by the government, the double flexible joint, which was developed by Prefabricados Delta in 2014 and has been widely accepted by the Administration.
- Supply of pipes and special parts made of glass-fibre-reinforced polyester with flexible joint for the work involving the replacement of the GFRP pipe for the 2014-2015 inter-campaign of the work: Project for the improvement and modernisation of the irrigation for the irrigators' community of the Canal del Páramo Bajo, Sector I, with nominal diameters ranging from 700 to 1,600 millimetres and a nominal pressure of 6 and 10 bar. For this work, 8,600 metres of pipe plus 91 special pieces of GFRP were manufactured.
- For the work upgrading the interceptor on the right bank of the Ferrol estuary, in the A Malata-A Gandara section (A Coruña) of the State North-Acuanorte Basin Water Society, 1,993 metres of GFRP pipes with nominal diameters between 500 and 2,000 mm and a rigidity of 5,000 newtons/square metre and 25 special parts made of the same material.

Supply of railway sleepers

During 2015, 140,493 prestressed monoblock sleepers of both the AI-04 (international gauge sleepers) and the PR-01 (Spanish and international gauge sleepers) types were supplied.

The most significant works were:

- Supply and transport of sleepers for the Antequera-Granada high-speed line, Phase I, with a total of 90,000 international gauge monoblock sleepers .



Pipes for hydraulic pipelines.

- Supply and transport of sleepers for the Antequera-Granada high-speed line, Phase III, with a total of 60,000 international gauge monoblock sleepers, of which 40,500 units have been supplied.
- For the upgrade of the railway in the Port of Seville, the supply of 4,580 multi-purpose sleepers for UIC-54 rails.

Matinsa, Mantenimiento de Infraestructuras, S.A.

FCC Group operates in the sector through Mantenimiento de Infraestructuras, S.A. (MATINSA) in the following areas of activity:

Motorways and roads

Maintenance of 4,870 kilometres of roads and 87 kilometres of Spain's metropolitan network belonging to several public administrations (Ministry of Public Works, autonomous regions, provincial councils and local regional councils), as well as 1,700 kilometres of roads in Portugal.

Worth of mention is the conservation of the streets of Barcelona, the Dalt ring road and Litoral ring road, that carry over 270,000 vehicles a day.

For the year 2015, the following should be mentioned:

- The award of a new conservation contract in the province of Burgos which involves the execution of various conservation and operation activities on the N-623 from Burgos to Santander; the N-627 from Burgos to Santander via Aguilar de Campoo and the A-73 dual carriageway from Burgos to Aguilar de Campoo under construction in the province of Burgos.
- The renewal of the following contracts:
  - **Norba (Cáceres)**, execution of various conservation and operation activities on the A-58 dual carriageway from Trujillo to Cáceres between kilometres 0 and 45.527, and the N-521 conventional road from Trujillo to Portugal via Valencia de Alcantara between kilometres 0 and 152.170 and its residual sections.
  - **Soria**, execution of various conservation and operation activities on the following roads: A-11 from kilometre 209.4 to 219.7; N-110 from kilometre 66.8 to 90.2; N-122 from kilometre 158.6 to 247.1; N-234 from kilometre 352.9 to 408.4.
  - **Ávila**, execution of various road maintenance and operation works: A-50 from kilometre 0.840 to 54.450; A-51 from kilometre 104.000 to 114.660; N-110 from kilometre 226.750 to 249.050 and from kilometre 259.300 to 262.600; N-110a from kilometre 257.120 to 258.200; N-403 from kilometre 70.900 to 135.120 and from kilometre 140.600 to 177.400; N-403a from kilometre 78.600 to 80.400 and from kilometre 127.450 to 132.000; N-501 from kilometre 1.660 to 48.710.

Maintenance of transport systems

Matinsa manages the maintenance of urban trams in the cities of Zaragoza and Murcia, as well as the Málaga Metro.

Maintenance of hydraulic infrastructures

Matinsa continues its activity in maintaining water infrastructure with the conservation of the irrigation channels of the Árrago river basin, which includes 178 kilometres of canals and 9,300 hectares of irrigated area.



Forest fire emergency services.

Management of forest fire and emergency services

Matinsa currently provides the following services:

- Reserve service crews for the prevention and extinguishing of forest fires in the eastern zone of the autonomous region of Madrid, with a total of 234 professionals, eight heavy fire engines, fifteen light fire engines, two high-mobility vehicles (VAMTAC) and a twin-turbine helicopter, as well as fourteen forest engineers.
- The fire and rescue services in the fire stations of Bueu, Porriño, Ribadumia and Vilagarcía de Arousa in the province of Pontevedra for a period of eight years, with a total of 74 firefighters.
- Forest fire prevention and extinguishing service with heavy machinery as part of the INFOMA plan for the autonomous region of Madrid.

Environmental restoration

The company carries out work related to environmental restoration and the recovery of deteriorated areas, including the restoration of dune systems and the related conservation and maintenance work.

Worthy of mention this year was the award of the contract for stabilising the slopes on Riveira Beach in the municipality of Miño.

It also continues to manage the conservation and maintenance service for the coastline in the province of Pontevedra and the conservation, maintenance and improvement activities for northern Galicia's public domain water basins in the territorial scope of central Galicia.



Conservation and maintenance work.

Environmental services

Contracts awarded this year include:

- Environmental conservation of the Herrería Forest in the municipality of El Escorial (Madrid) for the National Heritage Department.
- Management of waste collection site in the National Heritage Department's historical gardens.
- Renewal of the framework agreement related to the control of vegetation at the edges of the Iberian and metric gauge facilities of the conventional network in the north-eastern area and work related to the control of vegetation on the track-bed of the Iberian and metric gauge conventional network in the northern area for ADIF.
- Renewal of the conservation service for the River Manzanares where it passes through Madrid's municipal district for the Madrid City Council.

In addition, the following services continue to be managed:

- Silviculture and cultural treatments for the prevention of forest fires in various regional offices of the National Heritage Department.
- Felling and pruning along the low- and medium-voltage lines in the province of Huesca for ENDESA.
- Pruning, clearing, conservation and maintenance of parks, gardens, roads and pavements in the municipality of Torrelodones (Madrid) for a period of three years.

R&D&I projects

Matinsa is working on the Danae R&D&I project, an intelligent lighting system for tunnels, as part of a project funded by the Spanish Centre for Industrial Technological Development (CDTI), a public enterprise under the Ministry of Economy and Competitiveness that promotes innovation and technological development in Spanish companies.

The Company is also continuing to work on the SIDEINFO project against forest fires, designed to protect the forest-urban interface.

Infrastructure Concessions

Concessions Management is an independent department within FCC Construcción responsible for developing and operating both transport and social infrastructure concessions for FCC Group.

Currently, the Concessions Management Department participates in eighteen concession companies, of which fourteen are in the operations stage, and it is responsible for exploring new concessions.

During 2015, the Concessions Management Department continued to maximise its return on investment and conducted activities with the following main objectives:

- Maximise the value of existing assets by managing contracts with the aim of improving the recurring cash flows from the projects.
- Compete for new projects selected as growth opportunities in markets that are solvent, secure and with prospects for medium-term growth, in line with the strategy set by FCC Group. In particular, Spain, Latin America, United Kingdom and the United States.
- Explore collaboration arrangements with other investors in both brownfield and greenfield projects.
- Generate cash through selective divestment of projects considered non-strategic.

The most relevant events in relation to projects during 2015 are:

- **Line 2 of the Lima Metro (Peru).** According to the concession contract, the financial closing was to be completed before 28 October 2015, and this was completed through a bond issue in the North American market for US$ 1,148 million and an export credit worth US$ 800 million.
- **Immersed tunnel in Coatzacoalcos (Mexico).** At the end of 2015, this work reached a milestone with the alignment of the tunnel, leaving it open for the first time on both sides of the river. The progress-to-finish of the work is about 92%.
- **Dual-carriageway concessions in Spain.** In general, there is a recovery in the growth of road traffic on dual carriageways managed by the Concessions Management Department.
- **Globalvía.** As a result of FCC's sale of Globalvía, the Concessions Management Department is now FCC Group's sole vehicle for the management and development of transport and social infrastructure concessions.

Concession Management Activity

Following is a list of the concession companies in which FCC has holdings along with the most important events in 2015.

National

- **Cedinsa Eix Llobregat (34%)**

  In November 2003, Cedinsa was awarded the concession for the construction and shadow toll operation of the road between Puig-Reig and Berga, as well as for the conservation and maintenance of the Sant Fruitós de Bages–Puig-Reig section, all of them on the C-16 road (Llobregat corridor). 2015 was the eighth year of full operation, reaching an average daily traffic volume of 19,589 vehicles in these sections, which is an increase of 6.3% over the previous year.

- **Cedinsa d'Aro (34%)**

  In December 2005, Cedinsa was awarded the 33-year concession, also as a shadow toll for 27.7 kilometres of the Maçanet-Platja d'Aro dual carriageway, which consists of the design, construction and operation of the section of the C-35 between Vidreres and Alou, and the operation of the C-35 Maçanet-Vidreres, C-65 Alou-Santa Cristina d'Aro and C-31 Santa Cristina d'Aro-Platja d'Aro sections. 2015 was the seventh year of full operation, reaching an average daily traffic volume of 26,151 vehicles, which is an increase of 4.7% over the previous year.



Conquense dual carriageway (Spain).

- **Cedinsa Ter (34%)**

  In 2006, Cedinsa was awarded the concession of 48.6 kilometres of the Centelles-Vic-Ripoll shadow toll dual carriageway, of which 25.2 kilometres were a new section. The concession period is 33 years with a construction period of three years and thirty years of operation. 2015 was the fourth year of full operation, reaching an average daily traffic intensity of 24,321 vehicles, which is an increase of 4.7% over the previous year. In 2015, an agreement was reached with the Regional Government of Catalonia to rebalance Ter Cedinsa and provide it with forward financing.

- **Cedinsa Eix Transversal (34%)**

  In June 2007, the 33-year concession, also as a shadow toll, was awarded for the 150 kilometres of the Eje Transversal dual carriageway for an 838-million-euro investment. The contract consists of the definition of the project design and the construction and operation of the Cervera-Caldes de Malavella (C-25) section, with most of the work involving widening the current C-25 to a dual carriageway. 2015 can be considered the second year of full operation of the dual carriageway, with an average daily volume of 13,056 vehicles, which is an increase of 8.6% over the previous year.

- **Conquense dual carriageway (100%)**

  In 2007 the Ministry of public works awarded FCC Construcción the contract of concession of public works for the conservation and operation of the stretch of the A-3 and A-31 which runs through the province of Cuenca under a shadow toll regime for a period of nineteen years. Maintenance work has been carried out since the contract was signed. The execution of upgrading, reform and modernisation works for the dual carriageway finished in 2015. The concession company will continue to carry out the dual carriageway operation and maintenance work without any setbacks. The traffic remains on an upward trajectory, with growth in equivalent vehicle terms, exceeding 5%.

- **Ibiza - San Antonio dual carriageway (50%)**

  Construction and operation of the widening of the Ibiza-San Antonio road to a dual carriageway under the shadow toll system. A unique point worthy of mention is the burying of 1.3 kilometres of the dual carriageway in the San Rafael area. The length of the route is 14 kilometres and the concession is for 25 years. The average daily traffic in 2015 was 35,100 vehicles, showing an increase of 4% over the previous year.

- **Murcia tram (50%)**

  In April 2009, the Murcia City Council awarded the construction, maintenance and operation of Line 1 of the tram in Murcia (17.76 km and 28 stops) for 40 years. The contract was signed on 7 May 2009 and the investment totals €185 million.

  On 28 May 2011, the operation began as the works were finalised and the integration of the rolling stock and operation, electrification, fare collection and communication systems was carried out. Since then, there have been more than six million travellers, with monthly demands exceeding 400,000 travellers and a current ramp up of close to 30%.

  During 2015, operations have been normal with the demand reaching up to 4.4 million validations.

- **Line 9 of the Barcelona Metro (49%)**

  In late 2008, IFERCAT (Infraestructuras Ferroviarias of Catalonia) awarded the contract for the construction, maintenance and conservation of thirteen stations and their corresponding ventilation shafts for Section 1 of Line 9 of the Barcelona Metro for 32 years. The total investment amounts to 1,000 million euros, of which 876 million euros are for the works. The concession company's remuneration is set at an annual fee.

  The works finished in 2012 and operation began in all of the public works concession stations. These stations began operating in February 2016, coinciding with the celebration of the *Mobile World Congress* in the city of Barcelona.

- **Zaragoza tram (16.60%)**

  The Zaragoza City Council awarded the tender to select the partner for a joint venture responsible for building, commissioning, maintaining and operating the 12.8-kilometre Line 1 of the Zaragoza tram for a period of 35 years to the TRAZA consortium, in which FCC participates.

  In the partially government owned company, the Zaragoza City Council has 20% and TRAZA 80%. The investments total 342.2 million euros. Because of its technology, the new service is considered the most modern in Spain.

  In 2015, demand was consolidated, registering a total of 27.6 million validations, i.e., 2.6% more than the previous year. The number of weekday users exceeded 100,000 travellers on multiple occasions, producing peaks of up to 130,000 passengers a day on certain dates.

- **Málaga Metro (10.01%)**

  Concession company responsible for the administrative concession for the project design development, construction and operation of Lines 1 and 2 of the Málaga Metro.

  The complete infrastructure is 14.5 kilometres long, 71% of which is underground, and has twenty stations along its route. It is important to note that the concession company is responsible for the complete operation of the line, but is only responsible for the construction of the first phase (approximately 78% of the total route), and the Andalusian regional government is responsible for the remaining sections to be incorporated into the concession perimeter as they are gradually finished.

  For this reason, an amendment to the concession contract with the Andalusian Regional Government was made in 2014 to regulate the contractual relationship of the parties until the infrastructure is completely finished, estimated for 2017. Demand in 2015 has exceeded five million passengers, demonstrating the successful implementation of this transport system.

- **Mallorca Healthcare Centres (33%)**

  In late 2009, the Healthcare Services of the Autonomous Region of the Balearic Islands awarded the public works concession contract for the construction, maintenance and operation of five healthcare centres and other basic healthcare units to the consortium in which FCC has holdings. The compensation system is based on an availability payment.

  Since operation commenced, the required service levels have been met successfully, which shows that the management of the work in the contract and the resolution of the issues raised have been successful.

- **Urbicsa (29%)**

  This company was awarded the public works concession contract for construction, maintenance and operation of buildings and facilities in the Ciudad de la Justicia (new law court complex) project in Barcelona and L'Hospitalet de Llobregat. The project consists of buildings reserved for Regional Government use (159,878 square metres) and for complementary uses, offices and retail space (26,628 square metres) and a 45,628 square metre car park with a capacity for 1,750 parking spaces.

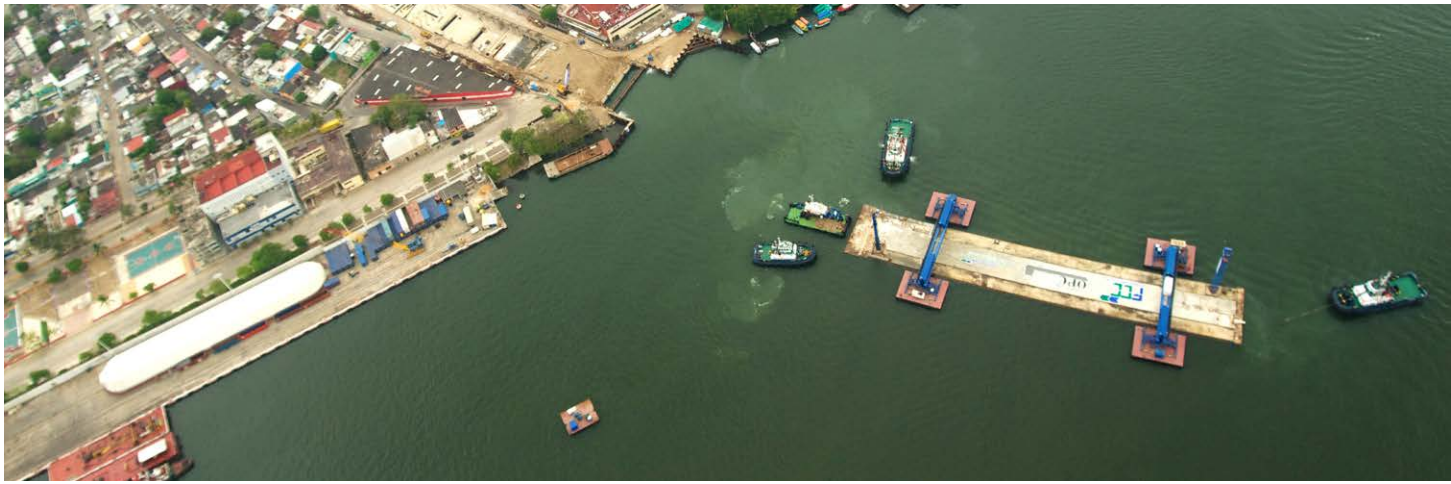
During 2015, the main actions related to managing the maintenance of the "Ciudad de la Justicia" of Barcelona and L'Hospitalet de Llobregat were focused on the development of information tools for service support, as well as actions aimed at saving energy, improving comfort and reorganising maintenance services.

- **Torrejón de Ardoz Hospital, Madrid (5%)**

  In August 2009, the Autonomous Region of Madrid awarded the contract for the full management of Torrejón Hospital for thirty years. It is the second hospital in the region in which healthcare services are covered by the contract along with the management of non-healthcare services. It has an area of 62,000 square metres, 240 beds and will serve 133,144 people. The investment totals 101 million euros, with 63.5 million euros of this for construction work. The Citizen Services Group holds 66.67% of the construction company. FCC holds a 5% stake. Torrejón Hospital provides healthcare to the towns of Torrejón De Ardoz, Ajalvir, Daganzo de Arriba, Ribatejada and Fresno Torote. The construction works were completed in June 2011 and operation began in October, so 2015 was the fourth year of full operation.

- **World Trade Centre Barcelona, S.A. (16.52%)**

  This is a fifty-year concession for the management of the World Trade Centre in the Port of Barcelona, which has an area of 31,000 square metres of office and retail space, 9,000 square metres of conference and meeting rooms and a 280 bed hotel.



Immersed tunnel in Coatzacoalcos (Mexico).

International

- **Immersed tunnel in Coatzacoalcos, Mexico (85.59%)**

  In 2004, the concession contract was signed for the construction, financing, maintenance and operation under a toll system of the immersed tunnel in Coatzacoalcos, in the state of Veracruz (Mexico), which links the city of Coatzacoalcos with Allende. The tunnel is 2,280 metres long, approximately 1,200 metres of which are submerged. The concession is for 37 years. The works started in 2007. The Coatzacoalcos Bridge I, whose toll revenues are used as a source of funding, is linked to this infrastructure.

  The design and execution of the immersed tunnel project is the first work of its kind in Mexico and also the first in Latin America. The tunnel is a technological innovation in the field of construction that was built using the Immersed-tunnel method technique, which allows sections of reinforced concrete tunnel to be prefabricated in dry docks, prepared to be floated, towed and placed on the bottom of the seabed. Scheduling construction work is essential because its progress is largely dependent on the weather windows that depend on the flow of the River Coatzacoalcos, the navigability of the area and other factors. It is, therefore, a "living" work that requires attention at all times, given the conditions of continuous change in the natural environment where it is located. This infrastructure is designed for a service life of one hundred years.

At the end of 2015, the tunnel reached a milestone with the alignment of the tunnel, leaving it open for the first time on both sides of the river. The progress-to-finish of the work is about 92%.

- **Mersey Bridge in Liverpool, United Kingdom (25%)**

  Contract for the design, construction, financing, maintenance and operation of the bridge over the River Mersey in Liverpool (UK). The compensation system is based on an availability payment. The most unique element in the whole contract is a cable-stayed bridge with a total length of 2.13 kilometres (one kilometre for the main bridge and 1.13 kilometres for the approach viaducts) and will serve some 80,000 vehicles per day. The project also includes the upgrade of seven kilometres of access roads, 2.5 kilometres of new motorways and the renovation of another 4.5 kilometres of motorway, as well as various road connections. The duration of the works is estimated to be three and a half years, so the traffic opening date is scheduled for the second half of 2017.

  The financial closure and contract signing took place in April 2014. At the same time, the agreement was signed with the 3i infrastructure fund for FCC to manage its 25% stake in the concession company, with the aforementioned fund retaining the financial rights deriving from that percentage.

- **Lima Metro Line 2, Peru (18.25%)**

  In March 2014, the PROINVERSION Committee on Road Infrastructure, Railway Infrastructure and Airport Infrastructure (Agency for the Promotion of Private Investment--Peru) awarded to the Consorcio Nuevo Metro de Lima, in which FCC has holdings, the concession contract for the "Line 2 and Faucett Ave.-Gambetta Ave. branch of the Basic Network of the Lima and Callao Metro" for the design, financing, construction, provision of electromechanical equipment, systems equipment and rolling stock, and operation and maintenance for a period of 35 years, five of which are planned for the construction phase. The first stone was laid in late 2014. The compensation system is based on a direct payment (70%) and a deferred payment (30%) for the construction phase and an availability payment for the operations phase.

  With a total of 35 underground kilometres of track and 35 stations distributed in thirteen districts of the Peruvian capital, it is estimated that Line 2 of the Lima Metro will receive 665,000 passengers a day. Total travel time is 45 minutes, which means about 90 minutes saved in daily traffic. It is currently the largest work in Peru and the region.

  According to the concession contract, the financial closing was to be completed before 28 October 2015, and this was completed through a bond issue in the North American market for US$ 1,148 million and an export credit worth US$ 800 million.

- **Haren Prison, Belgium (15%)**

  This contract covers the design, construction and maintenance for twenty-five years of a new prison complex in Haren, near Brussels. The construction of Haren Prison covers 120,000 square metres in an area of 18.5 hectares for 1,200 inmates and 1,000 administrative employees. The compensation system is based on an availability payment. The prison will comprise eight units: three prisons for men, two for women, one for youths, one for psychiatric facilities and one for semi-detention. The site is located adjacent to residential areas in the Brussels region. The construction of a building of these characteristics in a suburban area is a reflection of a rehabilitation philosophy that the government wishes to adopt. The urban nature of this isolated prison presents an interesting design challenge.

  FCC was named Preferred Bidder in 2013 and has been working on environmental permits since then. Financial closure is expected in 2016. Haren is the first concession project won by FCC in Belgium.

Globalvía

The process of selling the Globalvía concession company initiated in 2014 by its two shareholders, FCC and Bankia, finished in June 2015. This operation will generate 220 million euros for the Citizen Services Group. The sales agreement is structured in a first attributable payment of 83 million euros, which is expected to become effective during the first half of 2016, and a second, deferred payment, that could reach 137 million euros, to be paid in February 2017.

Machinery Division Activity

Machinery

Bridges

- **Doha Metro (Qatar).** In early September, work began on the decks of the "Red Line South Elevated and at Grade" for the Doha Metro in Qatar. The elevated area of the route has about seven kilometres of viaduct, most of which will be built using precast deck segments. To meet the deadlines set in the contract, three segment launchers, two of them new and one refurbished and adapted to the characteristics of this project, are being used simultaneously. Since the work started to the end of 2015, 54 spans of the total of 133 to be built with precast segments have been executed. Standard performance is being attained in the construction of the deck at three days per span, with a maximum of two days per span with the support of a night shift.
- **Mersey Gateway (United Kingdom).** In relation to the Mersey Gateway construction work, in December the lower self-launching in situ concreting formwork (Movable Scaffolding System) was assembled and is ready for the works for executing the first span corresponding to the north abutment in Widnes. With a length of 157 metres, a width of 22 metres and a weight of 1,700 tonnes, the MSS will build nineteen spans with openings of up to 70 metres. The work is expected to finish in 2017.

Underground works

- **Riyadh Metro (Saudi Arabia).** Excavation of the two tunnel sections of Line 5 of the Riyadh Metro began in May and July respectively. To do this, two EPB-type tunnelling machines with 9.77 metre excavation diameters are being used for the more than 12 kilometres that must be completed for this line. By the end of 2015, the first TBM had excavated 5.3 kilometres of tunnel, and the second 2.6, with the latter having passed the first station. In just eight months, both TBMs have completed 65% of the total length of the tunnel. Maximum production has been reached using a TBM, with 45 metres excavated in one day and 1,005 metres excavated in thirty days.
- **Madrid-Galicia high-speed line. Vilariño-Campobecerros section (Spain).** The change of location and the assembly of the single-shield rock TBM was done in 2015 after having executed the first of the 6,780 metre tunnels. During this process, the TMB was repaired and overhauled so that it can cope with the second tunnel, identical to the first. In addition, the conveyor belt has been adapted. It has a total length of 6,800 metres, a capacity of 1,200 tonnes per hour, an installed capacity of 1,070 kilowatts and will extract the rubble excavated by the TBM via the tunnel. In November, the excavation of the second tunnel began, and 900 metres were excavated by the end of the year.



Riyadh Metro (Saudi Arabia).

- **Lima Metro (Peru).** Two TBMs, which will be responsible for the excavation of the underground section of Line 2 and Line 4 of the Lima Metro, were manufactured in 2015. They measure 10.27 metres in diameter and will have to excavate a distance of 17.5 kilometres on Line 2 and 7.3 kilometres on Line 4. One EPB TBM will handle the excavation of the section over the water table and the second one will excavate the tunnel presenting the most adverse conditions, with the water table over the tunnel crown and in areas with a low-fines granulometry. The latter machine has been equipped with multi-mode technology (EPB-hydroshields) excavation.

Marine works

- **Port of Açu (Brazil).** After the caissons were manufacture and placed in the Port of Açu in January 2015, the transfer back of the Mar del Aneto and Mar del Enol floating docks and the Acanto hopper aboard the semi-submersible Falcon vessel was prepared in June. Worthy of mention is the complexity of the manoeuvre for loading and unloading equipment, as the transport was done on a single ship.



Enciso Dam. La Rioja (Spain).

Hydraulic works

- **Enciso Dam (La Rioja, Spain).** Prior to the start of the campaign for concreting the Enciso Dam, the concrete production facility was completed, increasing the capacity for storing cement by 25% and for storing fly ash by 100% and thus providing sufficient capacity to avoid stops on weekends and long weekends, periods with limited traffic. Thus, it was possible to finalise the campaign with the execution of 80% of the dam body and achieving an on-site concrete placement of up to 95,000 cubic metres per month.

Road surfaces

- **Container Terminal at the El Prat Pier (Phase II) (Spain).** 35,000 square metres of concrete pavement for the expansion of the manoeuvring area of the container terminal at the El Prat Pier were executed for this project. The streets were executed using the company's own means for spreading concrete. The design width of the spreading lanes ranged from 4.08 metres to 5.25 metres, with a thickness of 35 centimetres and a metal-fibre-reinforced concrete was used.



Mersey Viaduct (UK).

Special Techniques (BBR PTE)

The Prestressed and Special Techniques Team, which is part of Machinery Management Department, is responsible for the execution of post-tensioning and cable stays with the BBR system as well as some of the special construction techniques: bridge launching, heavy lifting, sliding of concrete structures, etc.

Post-tensioning. Post-tensioning works being executed with the BBR system include the LNG tank in Pori, Finland, seven kilometres of viaducts for the Doha Metro in Qatar, the nearly two hundred post-tensioned beams for the Riyadh Metro in Saudi Arabia and the Mersey Viaduct in the United Kingdom.

Almonte arch bridge. In the Almonte viaduct, there is a temporary cable-stayed arch system comprising a total of 208 non-simultaneous temporary stay cables, with a variable number of strands, divided into two branches (north and south), each of which comprises two for pulling and two for retaining operations. The lower ends of the stays are anchored to the arch (in the case of the pulling stays) and to the footings of the two piles closest to the base of the arch (in the case of the retaining stays). For its part, the upper ends are anchored to the top of the arch's pile for the first eight families and the rest are anchored to a temporary metal tower.

The process of setting up and installing the remaining temporary stays that anchored the arch to the metal pylons continued. Once the arch was finished, the temporary stays and pylons were removed. In addition, the removal of the travelling cantilever cranes was done by lowering them from the centre of the arch using synchronised heavy lifting jacks.

10 Cement



Giant Cement Company (South Carolina, United States).



Cement

Giant Cement Company (South Carolina, United States).

Economic Environment and Evolution of the Construction and Cement Sector

Group Evolution

Energy Recovery and Sustainability

Human Resources, Occupational Health and Safety

Economic and Financial Figures and Evolution of the Share Price

GRUPO CEMENTOS **PORTLAND VALDERRIVAS**

FCC's controlling portfolio of outstanding shares in **Cementos Portland Valderrivas, S.A.** at year-end 2015 amounted to

77.9%

Economic Environment and Evolution of the Construction and Cement Sector

Spain

During the year 2015, in Spain there was a consolidation of the growth in cement consumption that began in mid-2014, after six years of strong contraction of demand, which slumped from 56 million tonnes in 2007 to 10.7 million tonnes in 2013. Thus cement consumption in 2015 totalled 11.4 million tonnes, a 5.3% increase over the previous year.

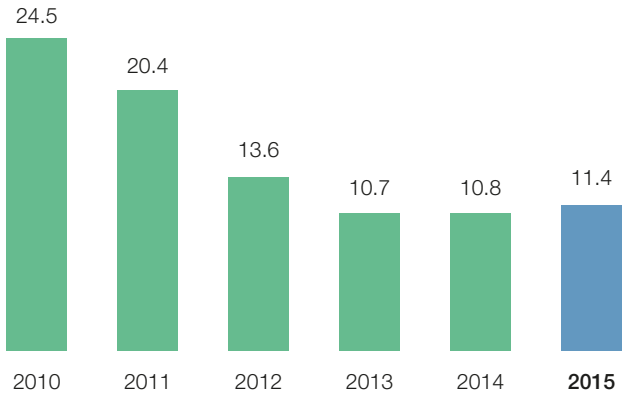
The increase in consumption was more significant in regions such as Andalusia, the Centre and Catalonia, respectively with annual growth rates of 9.9%, 9.9% and 7.9%.

The recovery of cement consumption is evident in Spain, signalling the start of a new cycle, but uncertainty remains as to the intensity of that growth in the short term. While in the first half of 2015 consumption rose by 8.6%, in the second half of the year that increase was limited to a mere 3.1%.

On the other hand, exports of clinker and cement declined by 4.4% compared to the highs in 2014, reaching a volume of 9.23 million tonnes. Imports of cement and clinker also rose by 2.3%, reaching 0.46 million tonnes. The resulting balance was an increase of domestic production of clinker by 3% to a total of 16.9 million tonnes.

Cement consumption in Spain

Millions of tonnes



Source: Oficemen

USA

In the United States, according to the US Geological Survey, a government body, the cement market increased by 3.6% during the year 2015.

For the coming years, the estimates published by the International Monetary Fund in January 2016 indicate a growth in the US economy of 2.6% in 2016 and 2017. In the cement sector, forecasts by the PCA (Portland Cement Association) suggest cement consumption could grow by 5.5% in 2016 and subsequent years.

Tunisia

In the Tunisian market, domestic cement consumption in 2015 amounted to 7.5 million tonnes, a 0.4% decline from the previous year.

The slight drop in the domestic market was offset by the increase in the export volume, which rose by 43% over the year 2014 reaching a total of 1.8 million tonnes.

UK

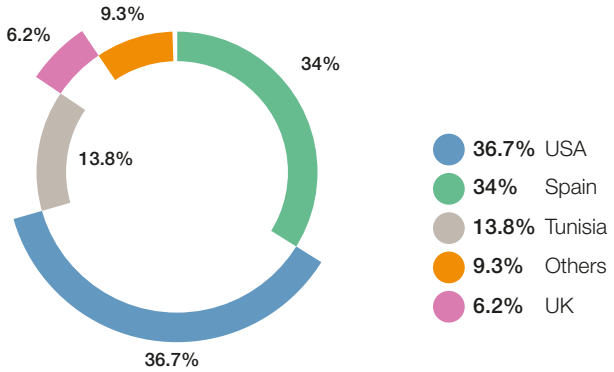
According to Company estimates, 2015 was a good year in the United Kingdom, with a 4% increase in cement consumption, reaching 12.9 million tonnes.

Group Evolution

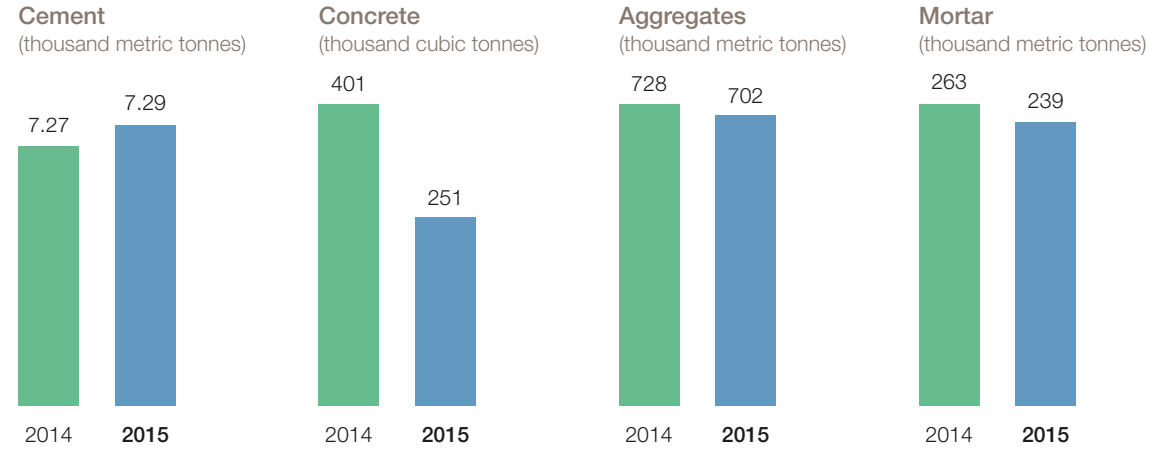
The Group's total sales of cement and clinker in 2015 reached 7.29 million tonnes compared to 7.27 million tonnes the year before, a 0.2% increase. Exports amounted to 1.5 million tonnes, similar to the volume recorded in 2014.

The Group sold 0.3 million cubic metres of ready-mixed concrete, while sales of aggregates reached 0.7 million tonnes and sales of dry mortar amounted to 0.2 million tonnes, respectively 38%, 4% and 9% less than in 2014. These figures are in keeping with the strategy of resizing the concrete, mortar and aggregates business that was carried out two years ago, which entailing the transfer or closing of non-profitable plants dedicated to these activities in the Spanish market.

Sales by geographical region (%)



Business volumen



Energy Recovery and Sustainability

Mitigating climate change has become one of the Group's major environmental challenges. The growing use of alternative fuels and the consumption of non-carbon based commodities have enabled a reduction of CO_2 emissions at the cement factories, always under the strict control and monitoring of the Company's Certified Environmental Management System.

In 2015 the Group consolidated the thermal replacement of Clinker in its furnaces, reaching an average value of 13% for all its plants.

As a novelty in 2015, the three factories in USA, located on the East Coast, joined in on energy recovery of alternative fuels, following the investments made at the plant in Thomaston.

In 2015 the Group consumed over half a million tonnes of waste for the production of clinker (8%), equivalent to filling over five football pitches (100x60x10 metres). Thus the plants offer the opportunity to recycle materials preventing them being sent to the landfill as their sole destination.

Additionally, and on an annual basis, the Group prepares its Corporate Social Responsibility Report. This document includes information on the management of the economic, environmental and social performance entailed by the Company's activities, particularly considering the contributions and proposals of the stakeholders consulted and contemplating social and market trends in the field of sustainability.

Research, development and innovation

Among other activities, in 2015 work was developed within the scope of the R&D projects approved in the various innovation initiatives such as INNPACTO (NANOMICROCEMENT, CEMESMER, HD_BALLAST), called by MINECO (the Ministry of Economy and Competitiveness), and INNTERCONECTA (MAVIT) and INNPRONTA (IISIS) called by CDTI (Centre for Technological and Business Development).

It should be noted that the afore-mentioned projects were completed with excellent results:

- NANOMICROCEMENT: a novel technology for manufacturing nanomicrocements.
- CEMESMER: cement with a high stabilising power for mercury and other heavy metals.
- IISIS: new high-performance concretes to be used in the fast construction of artificial islands in the sea.
- MAVIT: new additions for low CO_2 intensive cements obtained with better process efficiency.
- BALLAST_HD: development of new artificial heavy ballast for use on high-speed railway lines to minimise the effect of movement.



Alcalá de Guadaira Plant, Seville (Spain).

In parallel, development of the MERLIN project continued, which is meant to improve the use in concrete pavement work and in the rehabilitation of asphalt roads, with lower energy use throughout the life cycle.

In 2015 the Cementos Portland Valderrivas Group embarked on new challenges with the commencement of other lines of research at its R&D laboratories, mainly in relation to the quality of its cements or the improvement of their application, via studies of durability performance in reinforced concrete structures, without overlooking the increase of the special products portfolio.

It should be noted that a new patent was submitted at the OEPM (Spanish Patents and Trademarks Office) to protect the intellectual property of the MAVIT project. The patent specifically covers the manufacturing of cement additives from industrial waste materials.



Zubillaga Bridge, Basque Country (Spain).

Human Resources, Occupational Health and Safety

During the year 2015, the Group continued adapting its staff and organisational structure to the market situation. Accordingly, headcount went down by 59 employees. As a consequence, the total number of employees as of 31 December was 1,680.

Spain

In 2015, the Group reduced its headcount in Spain by four employees (16 left, 12 joined), settling at 799 workers.

Moreover, negotiations began on the collective bargaining agreements for each of the cement plants where the agreements in place expired on 31 December 2014. Said negotiations are centred on achievement greater flexibility, mobility and versatility, as well as to gain competitiveness.

USA

Staff numbers in the United States dropped by 37 employees (95 left, 58 joined), reaching a total of 548 workers at year-end. During 2015 staff costs contention initiatives remained in place.

In 2015 contacts began with workers' representatives to negotiate the collective bargaining agreements of the cement plants that expire in 2016.

Tunisia

The total number of employees fell by 16 (28 left, 12 joined) to a total number of 319 workers at year-end.

Also, the succession plans due to retirements remain in place.

Always with the aim of keeping down costs, certain positions were eliminated and cost adjustments were made with the purpose of offsetting the wage increases agreed to for 2016.

UK and the Netherlands

Two employees left the Company in the UK and the Netherlands, taking the total to 14 employees at year-end 2015.

Organisation and development

Throughout 2015, 20,452 hours of training were given in the Group, 56% of which were related to occupation health and safety actions. Thus the average training time per Group employee was 12 hours compared to 13 hours the year before and 10 hours two years ago.

It is worth mentioning that the percentage of employees who received training during 2015 was 79% compared to 60% the previous year.

The succession plan prepared at the end of 2014 has proven to be a reliable selection tool and will therefore be updated during 2016.

Occupational health and safety

The Group's accident ratios during the year 2015 show a positive pattern and represent the best historical figures registered.

During the year 2015 there were no severe or fatal accidents involving the Group's personnel.

The accident frequency rate(1) was 27% lower than the previous year, settling at 3.68.

There was also a 41% reduction in the number of lost workdays due to accident, with a severity rate(1) of 0.39.



Société des Ciments d'Enfidha Plant (Tunisia).

The North African market with an accident frequency rate of 1.43, the best figure across all markets, which represents a 78% reduction compared to the previous year. And the number of lost workdays due to accidents went down by 60% compared to 2014.

In the Spanish and US markets the accident frequency rate remains below five, confirming the consolidation of operations in an environment of respect and knowledge of safety standards and where on a daily basis this reveals that health and safety is now integrated into the overall management.

Regarding lost workdays due to accidents, there was a 75% reduction in the US market in 2015.

(1) N.B.: Accident frequency rate (number of accidents with sick leave x 1,000,000 / total number of hours worked).
Severity rate (number of workdays lost due to sick leave or disability x 1,000 / total number of hours worked).

Economic and Financial Figures and Evolution of the Share Price

Turnover

Turnover increased by 7% compared to 2014 thanks to the positive evolution of cement activity in Spain, USA and the UK, three areas where sales volumes rose, although prices did not rise in the same proportion.

The total turnover of 580.4 million euros is broken down into 197.2 million euros in Spain and 383.2 million euros in the international division, currently representing 66% of the total.

Gross operating profit (Ebitda)

The gross operating profit totalled 94.3 million euros, 10% less than the same period the year before. The main reason for this decline is the impact of the sale of CO_2 emission rights.

In 2013 there was a delay in the implementation of the third stage of the emission rights market, as a result of which the excess allocation from the year 2013 was sold as an exception together with the allocation for 2014.

Because of this, the Group received 20.8 million euros in 2014 from the sale of CO_2 emission rights compared to 3.9 million euros in 2015.

Excluding the non-typical impact of the CO_2 emission rights, the gross operating profit in 2015 would have been 8% higher than the previous year.

The improvement was due to the performance of cement sales in Spain, USA and the UK, to the focus on exports and to the consolidation of the measures incorporated over past years, which have been developed in all the countries.

The net operating profit amounted to 28.6 million euros compared to the previous year's profit of 35.9 million euros.

Pre-tax profit or loss

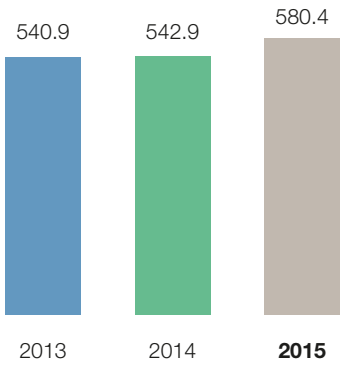
The pre-tax profit or loss was -73.2 million euros, 13% less than in 2014.

Excluding the impact of the sale of CO_2 emission rights for the two years, the pre-tax profit or loss would have increased by 9%.

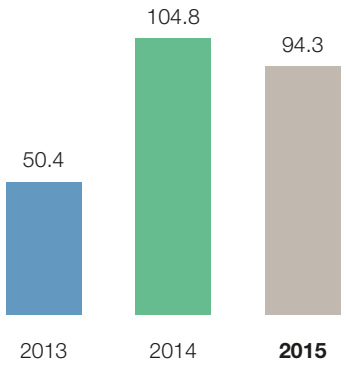
Net profit or loss attributed to the parent company

Taking all the foregoing into consideration, the Group had an attributed net loss of 62 million euros compared to a net loss of 52.3 million euros in 2014.

Turnover
Millions of euros



Gross operating profit
Millions of euros



Debt redemption

As notified in the Notes to the Financial Statements for 2014, which were published after the event, on 5 February 2015 the Company redeemed 100 million euros of the outstanding debt in the syndicated financing agreement signed on 31 July 2012.

Said amount was applied to the early payment of 75 million euros corresponding to the instalment due on 30 June 2015 and 25 million euros to the following instalment, due on 31 July 2016. These funds came from the contribution of the parent company, FCC, via a junior loan, reducing in the same amount the payment commitments of FCC in connection with its contingent support obligations for Cementos Portland Valderrivas, which originally amounted to 200 million euros.

Evolution of the share price

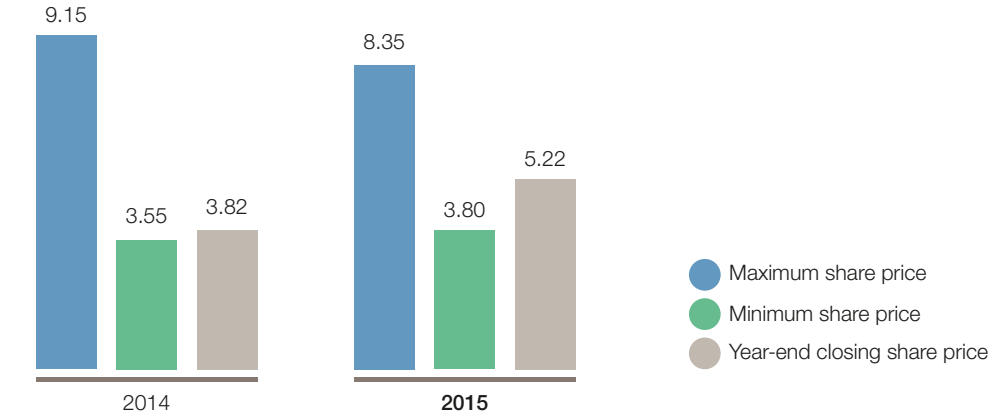
During 2015 the share price was subject to strong volatility and low trading volume, averaging 40,700 shares traded per day. The trading volume reached 200,000 on days with strong price hikes and even highs of 400,000 when the price was at its highest.

The difference between the highest and lowest price in the year 2015 was 4.55 euros, and they were respectively 8.35 and 3.80 euros.

The share price revalued by 36.6% from the opening on 1 January 2015 to the close on 31 December 2015.

Share price performance

€/share





11 Financial Statements

Consolidated Group
Fomento de Construcciones y Contratas, S.A.

Water treatment plant in San Javier (Aqueduct II), Queretaro (Mexico).



Financial Statements
Consolidated Group

Consolidated Balance Sheet
Consolidated Statement of Profit or Loss
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Total Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements
Directors' Report

Water treatment plant in San Javier (Aqueduct II), Queretaro (Mexico).

Consolidated Balance Sheet

Fomento de Construcciones y Contratas, S.A. and subsidiaries as at 31 December 2015 (in thousands of euros)

ASSETS	31-12-2015		31-12-2014	
NON-CURRENT ASSETS		8,184,311		7,853,777
Intangible assets (Note 7)		**3,026,420**		**2,967,524**
Concessions (Notes 7 and 11)	1,403,619		1,366,247	
Goodwill	1,495,909		1,472,038	
Other intangible assets	126,892		129,239	
Property plant and equipment (Note 8)		**3,126,234**		**3,154,474**
Land and buildings	935,273		957,785	
Plant and other items of property, plant and equipment	2,190,961		2,196,689	
Investment Property (Note 9)		**20,134**		**21,090**
Investments accounted for using the equity method (Note 12)		**586,967**		**239,804**
Non-current financial assets (Note 14)		**392,762**		**426,674**
Deferred tax assets (Note 25)		**1,031,794**		**1,044,211**
CURRENT ASSETS		4,677,798		6,169,092
Non-current assets classified as held for sale (Note 4)		**235,887**		**1,002,520**
Inventories (Note 15)		**648,639**		**760,581**
Trade and other receivables		**2,128,981**		**2,399,070**
Trade receivables for sales and services (Note 16)	1,771,766		2,011,034	
Other receivables (Note 16 and 25)	357,215		388,036	
Other current financial assets (Note 14)		**230,676**		**380,398**
Other current assets		**88,100**		**89,375**
Cash and cash equivalents (Note 17)		**1,345,515**		**1,537,148**
TOTAL ASSETS		12,862,109		14,022,869

The accompanying Notes 1 to 35 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

Consolidated Balance Sheet. Fomento de Construcciones y Contratas, S.A. and subsidiaries as at 31 December 2015 (in thousands of euros)

EQUITY AND LIABILITIES	31-12-2015		31-12-2014	
EQUITY (NOTE 18)		487,247		495,422
Equity attributable to the Parent		**280,731**		**271,679**
Shareholders' equity	545,697		592,864	
Share capital	260,572		260,572	
Retained earnings and other reserves	301,342		1,026,288	
Treasury shares	(5,502)		(5,278)	
Profit (Loss) for the year attributable to the Parent	(46,291)		(724,294)	
Other equity instruments	35,576		35,576	
Valuation adjustments	(264,966)		(321,185)	
Non-controlling interests		**206,516**		**223,743**
NON-CURRENT LIABILITIES		7,717,833		7,833,952
Grants		**248,263**		**239,271**
Long-term provisions (Note 20)		**1,254,119**		**1,157,870**
Non-current financial liabilities (Note 21)		**5,678,798**		**5,682,244**
Debt instruments and other marketable securities	1,080,950		829,026	
Bank borrowings	4,327,035		4,595,876	
Other financial liabilities	270,813		257,342	
Deferred tax liabilities (Note 25)		**479,548**		**562,366**
Other non-current liabilities (Note 22)		**57,105**		**192,201**
CURRENT LIABILITIES		4,657,029		5,693,495
Liabilities associated with non-current assets classified as held for sale (Note 4)		**15,887**		**776,929**
Short-term provisions (Note 20)		**194,743**		**288,469**
Current financial liabilities (Note 21)		**1,529,379**		**1,381,098**
Debt instruments and other marketable securities	7,543		77,697	
Bank borrowings	1,320,649		1,160,517	
Other financial liabilities	201,187		142,884	
Trade and other payables (Note 23)		**2,917,020**		**3,246,999**
Payable to suppliers	1,244,010		1,405,588	
Other payables (Notes 23 and 25)	1,673,010		1,841,411	
TOTAL EQUITY AND LIABILITIES		12,862,109		14,022,869

The accompanying Notes 1 to 35 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

Consolidated Statement of Profit or Loss

Fomento de Construcciones y Contratas, S.A. and subsidiaries for the year ended 31 December 2015 (in thousands of euros)

	31-12-2015	31-12-2014
Revenue (Note 29)	**6,476,024**	**6,334,066**
In-house work on non-current assets	32,427	45,099
Other operating income(Note 28)	185,977	218,614
Changes in inventories of finished goods and work in progress (Note 28)	(131,469)	(18,921)
Procurements (Note 28)	(2,415,153)	(2,220,917)
Staff costs (Note 28)	(1,858,626)	(1,916,696)
Other operating expenses	(1,474,544)	(1,637,289)
Depreciation and amortisation charge and allocation to the consolidated statement of profit or loss of grants related to non-financial non-current assets and other grants (Notes 7, 8 and 9)	(428,457)	(401,580)
Impairment and gains or losses on disposals of non-current assets (Note 28)	(4,815)	(651,901)
Other income and expenses(Note 28)	(57,537)	(96,028)
PROFIT (LOSS) FROM OPERATIONS	**323,827**	**(345,553)**
Finance income (Note 28)	34,093	177,262
Finance costs (Note 28)	(388,351)	(553,053)
Other net finance costs(Note 28)	(10,624)	(12,684)
FINANCIAL PROFIT (LOSS)	**(364,882)**	**(388,475)**
Result of companies accounted for using the equity method (Note 28)	35,354	(84,784)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(5,701)**	**(818,812)**
Income tax (Note 25)	40,846	64,171
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**35,145**	**(754,641)**
Profit (Loss) for the year from discontinued operations, net of tax (Note 4)	(89,311)	21,228
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**(54,166)**	**(733,413)**
Profit (Loss) attributable to the Parent	(46,291)	(724,294)
Profit (Loss) attributable to non-controlling interests (Note 18)	(7,875)	(9,119)
EARNINGS PER SHARE (NOTE 18)		
Basic	(0.18)	(5.70)
Diluted	(0.18)	(5.70)

The accompanying Notes 1 to 35 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

Consolidated Statement of Comprehensive Income

Fomento de Construcciones y Contratas, S.A. and Subsidiaries for the year ended 31 December 2015 (in thousands of euros)

	31-12-2015		31-12-2014	
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		(54,166)		(733,413)
Income and expense recognised directly in equity		**36,475**		**(79,482)**
Revaluation of financial instruments	1,689		22	
Cash flow hedges	2,951		(24,052)	
Translation differences	47,836		56,707	
Actuarial gains and losses (*)	5,002		(16,247)	
Companies accounted for using the equity method	(12,345)		(79,256)	
Tax effect	(8,658)		(16,656)	
Transfers to the consolidated statement of profit or loss		**22,272**		**79,705**
Revaluation of financial instruments	20		–	
Cash flow hedges	8,942		59,726	
Translation differences	292		9,148	
Companies accounted for using the equity method	14,822		15,951	
Tax effect	(1,804)		(5,120)	
TOTAL COMPREHENSIVE INCOME		4,581		(733,190)
Attributable to the Parent		**7,669**		**(724,655)**
Attributable to non-controlling interests		**(3,088)**		**(8,535)**

The accompanying Notes 1 to 35 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

(*) Amounts that may not be recognised in the consolidated statement of profit or loss in any circumstances.

Consolidated Statement of Changes in Total Equity

Fomento de Construcciones y Contratas, S.A. and Subsidiaries for the year ended 31 December 2015 (in thousands of euros)

	Share capital (Note 18-a)	Share premium and reserves (Note 18-b)	Interim dividend	Treasury shares (Note 18-c)	Profit (Loss) for the year attributable to the Parent	Other equity instruments (Note 18-d)	Valuation adjustments (Note 18-e)	Equity attributable to shareholders of the Parent (Note 18)	Non-controlling interests (Note 18.II)	Total equity
Equity at 31 December 2013	**127,303**	**1,680,144**	**—**	**(6,103)**	**(1,506,305)**	**35,914**	**(327,769)**	**3,184**	**239,972**	**243,156**
Total income and expense for the year		(13,062)			(724,294)		12,701	(724,655)	(8,535)	(733,190)
Transactions with shareholders or owners	133,269	841,200		825				975,294	1,373	976,667
Capital increases/(reductions)	133,269	841,749						975,018	6,515	981,533
Dividends paid									(5,142)	(5,142)
Treasury share transactions (net)		(549)		825				276		276
Other changes in equity		(1,481,994)			1,506,305	(338)	(6,117)	17,856	(9,067)	8,789
Equity at 31 December 2014	**260,572**	**1,026,288**	**—**	**(5,278)**	**(724,294)**	**35,576**	**(321,185)**	**271,679**	**223,743**	**495,422**
Total income and expense for the year		3,845			(46,291)		50,115	7,669	(3,088)	4,581
Transactions with shareholders or owners		(2,018)		(224)				(2,242)	(14,604)	(16,846)
Capital increases/(reductions)									(111)	(111)
Dividends paid									(14,493)	(14,493)
Treasury share transactions (net)		(2,018)		(224)				(2,242)		(2,242)
Other changes in equity (Note 18)		(726,773)			724,294		6,104	3,625	465	4,090
Equity at 31 December 2015	**260,572**	**301,342**	**—**	**(5,502)**	**(46,291)**	**35,576**	**(264,966)**	**280,731**	**206,516**	**487,247**

The accompanying Notes 1 to 35 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

Consolidated Statement of Cash Flows (Indirect Method)

Fomento de Construcciones y Contratas, S.A. and Subsidiaries for the year ended 31 December 2015 (in thousands of euros)

	31-12-2015		31-12-2014	
Profit (Loss) before tax from continuing operations		**(5,701)**		**(818,812)**
Adjustments to profit (loss)		**777,603**		**1,598,430**
Depreciation and amortisation charge (Notes 7, 8 and 9)	433,212		404,269	
Impairment of goodwill and non-current assets (Notes 7 and 8)	–		665,130	
Other adjustments to profit (loss) (net) (Note 28)	344,391		529,031	
Changes in working capital		**(35,651)**		**22,290**
Other cash flows from operating activities		**(135,967)**		**(193,049)**
Dividends received	32,188		22,364	
Income tax recovered/(paid) (Note 25)	(77,245)		(78,656)	
Other proceeds/(payments) relating to operating activities	(90,910)		(136,757)	
TOTAL CASH FLOWS FROM OPERATING		600,284		608,859
Payments due to investments		**(431,902)**		**(485,502)**
Group companies, associates and business units	(22,697)		(28,534)	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	(338,898)		(393,968)	
Other financial assets	(70,307)		(63,000)	
Proceeds from disposals		**38,452**		**227,568**
Group companies, associates and business units	8,164		146,442	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	20,445		49,410	
Other financial assets	9,843		31,716	
Other cash flows from investing activities		**(19,109)**		**90,721**
Interest received	14,174		19,634	
Other proceeds/(payments) relating to investing activities	(33,283)		71,087	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		(412,559)		(167,213)

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

Consolidated Statement of Cash Flows (Indirect Method)

Fomento de Construcciones y Contratas, S.A. and Subsidiaries for the year ended 31 December 2015 (in thousands of euros)

	31-12-2015		31-12-2014	
Proceeds and (payments) relating to equity instruments (Note 18)		**(1,974)**		**982,852**
Issues/(Redemptions)	269		982,539	
(Acquisition)/Disposal of treasury shares	(2,243)		313	
Proceeds and (payments) relating to financial liability instruments (Note 21)		**(90,153)**		**(554,384)**
Issues	328,395		874,902	
Repayments and redemptions	(418,548)		(1,429,286)	
Dividends and returns on other equity instruments paid (Note 6)		**(15,041)**		**(4,852)**
Other cash flows from financing activities		**(285,296)**		**(337,920)**
Interest paid	(269,462)		(358,536)	
Other proceeds/(payments) relating to financing activities	(15,834)		20,616	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		(392,464)		85,696
OF FOREIGN EXCHANGE RATE CHANGES		13,106		22,184
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(191,633)		549,526
Cash and cash equivalents at beginning of year		**1,537,148**		**987,622**
Cash and cash equivalents at end of year		**1,345,515**		**1,537,148**

The accompanying Notes 1 to 35 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2015.

Notes to the Consolidated Financial Statements

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01. Group Activities

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities that are grouped together in the following areas:

- **Environmental Services.** Services related to urban water treatment, treatment of industrial waste and waste-to-energy (waste recovery).
- **End-to-End Water Management.** Services related to the end-to-end water cycle: collection, treatment and distribution of water for human consumption; waste water collection, filtering and treatment; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural and other services.
- **Construction.** This area specialises in infrastructure construction projects, building construction and related activities, such as motorways, dual carriageways and other roads, tunnels, bridges, hydraulic works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc.
- **Cement.** This area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete.

International operations, which represent approximately 47% of the FCC Group's revenue (2014: 44%), are carried on mainly in the European, US and Latin American markets.

Also, the FCC Group has a presence in the real estate industry through its 36.96% ownership interest in Realia Business, S.A., which engages mainly in housing development and office rental, both in Spain and abroad. The Group decided not to sell the ownership interest in Realia Business, S.A. because, following the capital increase, the investment and divestment plan is currently being revised. Accordingly, the ownership interest was classified as a continuing operation (see Note 4).

02. Basis of Presentation of the Consolidated Financial Statements and Basis of Consolidation

a) Basis of presentation

The accompanying financial statements and the notes thereto, which compose these statutory consolidated financial statements, were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The 2015 consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement. The 2014 consolidated financial statements were approved by the shareholders of Fomento de Construcciones y Contratas, S.A. at the Annual General Meeting held on 25 June 2015.

These consolidated financial statements of the FCC Group present fairly its equity and financial position at 31 December 2015 and 2014, and its consolidated results, the changes in its consolidated equity and its consolidated cash flows in the years then ended.

The consolidated financial statements of the FCC Group were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, in accordance with the Group's established operating procedures and systems, justify and support the consolidated financial statements prepared pursuant to current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting uniformity criteria were applied to the separate financial statements of the companies included in the scope of consolidation. In general, in 2015 and 2014 the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications

Pursuant to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", the non-core assets that are currently being sold are recognised under “Non-Current Assets Classified as Held for Sale” and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in the accompanying consolidated balance sheet and under “Profit (Loss) for the Year from Discontinued Operations, Net of Tax” in the accompanying consolidated statement of profit or loss.

Note 4 “Non-Current Assets Classified as Held for Sale and Liabilities Associated with Non-Current Assets Classified as Held for Sale and Discontinued Operations” includes a detail and explanation of the related changes with regard to discontinued operations.

Standards and interpretations issued but not yet in force

At the date of preparation of these notes to the consolidated financial statements, the most significant standards and interpretations that had been issued by the International Accounting Standards Board (IASB) in the year but which had not yet come into force, either because they had not yet been adopted by the European Union or because they are applicable in subsequent years, were as follows:

		Obligatory application for the FCC Group
Not adopted by the European Union		
IFRS 16	Leases	1 January 2019
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 10, IFRS 12 and IAS 28	Exception from consolidation for parent companies that meet the definition of an investment entity	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Adopted by the European Union but not yet in force		
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 41	Bearer Plants	1 January 2016

The Group is currently assessing the impact that the application of these new standards and amendments will have on its consolidated financial statements. In this connection, apart from the impact of the first-time application of IFRSs 15 and 16, it was considered that the entry into force of the new standards and amendments would not have a significant impact on the consolidated financial statements of the FCC Group.

Significant standards and interpretations applied in 2015

The standards already adopted by the European Union that came into force in 2015 and were applied by the Group where applicable were as follows:

New standards, amendments and interpretations:		Obligatory application for the FCC Group
Approved for use in the European Union		
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1 January 2015
IFRIC 21	Levies	1 January 2015

In general, the application of the aforementioned regulatory changes did not have a material impact on the accompanying consolidated financial statements.

It should be noted in connection with the standards applied in 2014 that the application of IFRS 11 "Joint Arrangements" did not have a material impact, since the FCC Group previously applied the option of accounting for the jointly controlled entities using the equity method provided for in IAS 31 "Interests in Joint Ventures" which IFRS 11 has superseded. Similarly, the application of IFRS 10 "Consolidated Financial Statements" did not have a material impact, since the definition of control under IFRS 10 did not result in significant changes in the scope of the Group's subsidiaries.

b) Basis of consolidation

Subsidiaries

The subsidiaries listed in Appendix I, over which Fomento de Construcciones y Contratas, S.A. exercises control, i.e. where Fomento de Construcciones y Contratas, S.A. has the power to govern the significant activities of the investee; has exposure, or rights, to variable returns from involvement with the investee; and has the ability to use power over the investee to affect the amount of the investor's returns, either directly or through other investees controlled by it, are fully consolidated.

The share of non-controlling interests of the equity of the investee is presented under "Non-Controlling Interests" on the liability side of the accompanying consolidated balance sheet and their share of the results of the investee is presented under "Profit (Loss) Attributable to Non-Controlling Interests" in the accompanying consolidated statement of profit or loss.

Goodwill is determined as indicated in Note 3-b below.

Joint arrangements

The Group participates in joint arrangements through investments in joint ventures controlled jointly by one or more FCC Group companies with other non-Group companies (see Note 12) and through interests in joint operations, in the form of unincorporated temporary joint ventures (Spanish UTE) and other similar entities (see Note 13).

The Group applies its professional judgement to assess its rights and obligations with in relation to joint arrangements, taking into consideration the financial structure and legal form of the arrangement, the terms and conditions agreed upon by the parties and other relevant facts and circumstances in order to assess the type of joint arrangement in question. Once analysed, two types of joint arrangements can be identified:

a) Joint operation: When the parties have rights to the assets and obligations for the liabilities.

b) Joint venture: When the parties only have rights to the net assets.

In accordance with IFRS 11 "Joint Arrangements", the interests in joint ventures are accounted for using the equity method and are recognised under "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet. The share in the after-tax profit or loss for the year of these companies is recognised under "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated statement of profit or loss.

Joint operations, primarily in the Construction and Environmental Services Areas, most of which have the legal form of unincorporated temporary joint ventures and similar entities, were included in the accompanying consolidated financial statements in proportion to the Group's percentage interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income and expenses not realised with third parties were eliminated.

Appendix II lists the joint ventures controlled jointly with non-Group third parties and Appendix V lists the joint operations operated jointly with non-Group third parties through unincorporated temporary joint ventures and other entities of similar legal characteristics.

Associates

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does have significant influence, are equity-accounted and are included under "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet. The contribution of these companies to after-tax profit or loss for the year is recognised under "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated statement of profit or loss.

Transactions between Group companies

Gains or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised with non-Group third parties. This elimination does not apply in the case of "concession arrangements" since the related gains or losses are deemed to have been realised with third parties (see Note 3-a).

Group work on non-current assets is recognised at production cost, and any intra-Group results are eliminated.

Reciprocal receivables and payables and intra-Group income and expenses were eliminated from the consolidated financial statements.

Changes in the scope of consolidation

Appendix IV shows the changes in 2015 in the fully consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated statement of profit or loss from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal or derecognition, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their exclusion therefrom are shown in the related notes to the consolidated financial statements under "Changes in the Scope of Consolidation". In addition, Note 5 to these consolidated financial statements, "Changes in the Scope of Consolidation", sets forth the most significant inclusions and exclusions.

03. Accounting Policies

Set forth below is a detail of the accounting policies used in preparing the FCC Group's consolidated financial statements:

a) Service concession arrangements

The concession contracts are arrangements between a public sector grantor and FCC Group companies to provide public services such as water distribution, waste water filtering and treatment, management of landfills, motorways and tunnels, etc., through the operation of the related infrastructure. Revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession and required to provide the service is returned to the concession grantor, generally for no consideration. The concession arrangement must provide for the management or operation of the infrastructure. Another common feature is the existence of obligations to acquire or construct all the items required to provide the concession service over the concession term.

These concession arrangements are accounted for in accordance with IFRIC 12 "Service Concession Arrangements". In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised as intangible or financial assets by reference to the stage of completion pursuant to IAS 11 "Construction Contracts"; and a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised in accordance with IAS 18 "Revenue".

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

In certain bifurcated arrangements, the operator and the grantor may share the demand risk, although this is not common for the FCC Group.

For concessions classified as intangible assets, provisions for dismantling, removal and restoration and any work to upgrade the infrastructure or increase its capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the interest cost relating to the provisions are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

These intangible assets are amortised on the basis of the pattern of consumption of the expected future economic benefits, taken to be the changes in, and best estimates of, the production units of each activity. The Group's most important concession business in quantitative terms is the water supply and treatment activity, in which the assets are amortised on the basis of water consumption; in general, this consumption remains constant over time due, on the one hand, to the reduction arising from water saving policies and, on the other, to the rise resulting from the increase in the population. The assets are amortised in full over the concession term, which generally ranges from 25 to 50 years.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related income is recognised as revenue in profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under “Finance Costs” in the consolidated statement of profit or loss. As explained above, the income and expenses from the provision of maintenance and operation services are recognised in the consolidated statement of profit or loss in accordance with IAS 18 “Revenue”.

b) Business combinations and goodwill

The assets and liabilities of the acquired companies and subgroups are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with the applicable legislation, the initial measurement of the assets and liabilities and their allocation to the various asset and liability headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new information.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the excess of (a) the aggregate of the fair value of the consideration transferred for the equity interest acquired, the amount of the non-controlling interests and the acquisition-date fair value of the previously held equity interests, when control is achieved in stages, over (b) the fair value of the identifiable assets and liabilities.

In general, the non-controlling interests are measured at their proportionate share of the acquiree’s assets and liabilities.

In a business combination achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is recognised as a result from operations.

Once control is obtained over an investee and provided control is not lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is recognised in equity.

Goodwill is not amortised; however it is tested for impairment at least at the end of each reporting period in order to recognise it at the lower of its recoverable amount, estimated on the basis of expected cash flows, and acquisition cost, less any accumulated impairment losses. The accounting policies used to determine impairment are detailed in Note 3-e.

c) Intangible assets

Except as indicated in the preceding two sections of this Note in relation to service concession arrangements and goodwill, the other intangible assets included in the accompanying consolidated financial statements are measured at acquisition cost. These intangible assets include the investments relating to operating contracts and licences and to surface rights.

None of these intangible assets recognised were generated internally and they all have a finite useful life. Intangible assets are amortised over their useful lives (in general between 20 and 35 years), i.e. the period during which it is estimated they will generate income, using the straight-line method, except where the application of the pattern of consumption of future economic benefits more faithfully reflects their decline in value.

d) Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognised at cost (revalued, where appropriate, in accordance with various legal provisions pre-dating the transition to IFRSs), less any accumulated depreciation and any recognised impairment loss. Also, the cost of property, plant and equipment includes the estimated present value of the costs of dismantling and removing the related items and, in cases where these non-current assets have been acquired through business combinations as explained in Note 3-b, they are initially recognised at their acquisition-date fair values.

Group work on non-current assets is measured at production cost.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in profit or loss as incurred.

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

Investment property	75
Natural resources and buildings	25-50
Plant, machinery and transport equipment	5-30
Furniture and tools	7-12
Computer hardware	4
Other items of property, plant and equipment	5-10

However, certain arrangements have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the term of the arrangement.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the property, plant and equipment and investment property are consumed. This review takes the form of an in-situ assessment and technical analysis, based on the current conditions of the assets, and the remaining useful life of each asset is estimated on the basis of its capacity to continue to perform the functions for which it was designed. Subsequently, these internal analyses are confirmed by checking them with non-Group third parties, such as manufacturers, installers, etc.

The Group companies assess regularly, at least at the end of each reporting period, whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 3-e), an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances may the amount of reversals exceed that of the impairment losses previously recognised.

e) Impairment of intangible assets, property, plant and equipment and investment property

Intangible assets with finite useful lives, property, plant and equipment and investment property are tested for impairment when there is an indication that the assets might have become impaired, in order to adjust their carrying amount to their value in use (if this is lower).

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment tests show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets is charged or credited to income under "Impairment and Gains or Losses on Disposals of Non-Current Assets".

To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

The estimated cash flows are obtained from projections prepared by management of each CGU, which in general cover periods of five years, except when the characteristics of the business advise longer periods, and include growth rates based on the various approved business plans (which are reviewed periodically), considering, in general, zero growth rates for the years after those covered by the business plans. In addition, it should be noted that sensitivity analyses are conducted in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes on these variables.

Flows from CGUs located abroad are calculated in the functional currency of these cash-generating units and are discounted using discount rates that take into consideration the risk premiums relating to each currency. The present value of the net flows thus obtained is translated to euros at the year-end exchange rate applicable to each currency.

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

f.1) Finance leases

In finance leases, the Group acts solely as the lessee. In the accompanying consolidated balance sheet the Group recognises the cost of the leased assets and, simultaneously, recognises a liability for the same amount. This amount is the lower of the fair value of the leased asset and the present value, at the commencement of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the consolidated statement of profit or loss for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the year in which it is incurred.

On expiry of the leases, the Group companies exercise the purchase option and the lease arrangements do not impose any restrictions concerning the exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

Assets held under finance leases are depreciated using the criteria detailed in sections a), c) and d) of this Note.

f.2) Operating leases

When the Group acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

When the Group acts as the lessor, income and expenses from operating leases are recognised in the consolidated statement of profit or loss on an accrual basis.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

g) Investments accounted for using the equity method

Investments in jointly ventures and associates are initially recognised at acquisition cost and are subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investments is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their statements of profit or loss. These changes include most notably translation differences and the adjustments arising from changes in the fair value of the cash flow hedges arranged by the companies.

Whenever there are indications of impairment, the Group makes the necessary valuation adjustments.

h) Financial assets

Financial assets are initially recognised at fair value, which generally coincides with their acquisition cost, adjusted by the transaction costs directly attributable thereto, except in the case of held-for-trading financial assets, the transaction costs for which are charged to profit or loss for the year.

All acquisitions and sales of financial assets are recognised at the transaction date.

The financial assets held by the Group companies are classified as follows:

- **Financial assets at fair value through profit or loss**, which comprise:
  - **Held-for-trading financial assets**, which are assets acquired with the intention of realising them at short term based on fluctuations in their prices. These assets, which are expected to mature within twelve months, are included under "Other Current Financial Assets" in the accompanying consolidated balance sheet.

    Held-for-trading financial assets which, when arranged, mature within three months or less and whose realisation is not expected to give rise to significant costs are included under "Cash and Cash Equivalents" in the accompanying consolidated balance sheet. These assets are considered to be investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and therefore relate basically to very short-term, highly liquid investments with a high turnover.
  - **Financial assets initially recognised at fair value through profit or loss**, which are financial assets not considered to be held for trading.
- **Held-to-maturity investments** are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than twelve months are classified as current assets and those maturing within more than twelve months as non-current assets.
- **Loans and receivables** maturing within no more than twelve months are classified as current items and those maturing within more than twelve months as non-current items. This category includes collection rights arising from the application of IFRIC 12 "Service Concession Arrangements" as detailed in Note 3-a.
- **Available-for-sale financial assets** are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

The financial assets at fair value through profit or loss and the available-for-sale financial assets were measured at their fair value at the reporting date. The fair value of a financial instrument is taken to be the amount for which it could be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction.

In the case of financial assets at fair value through profit or loss, the gains or losses arising from changes in fair value are recognised in net profit or loss for the year whereas in the case of available-for-sale financial assets, they are recognised in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been reduced to zero, the loss is recognised in the consolidated statement of profit or loss.

Collection rights arising from a service concession arrangement are measured in accordance with the criteria detailed in Note 3-a.

Held-to-maturity investments, credits, loans and receivables originated by the Group are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, and market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life. Where appropriate, if there are signs that these financial assets have become impaired, the necessary valuation adjustments are made.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, reduced by the amounts considered to be non-recoverable.

The Group companies assign trade receivables to banks, without the possibility of recourse against them in the event of non-payment. These transactions bear interest at market rates and the Group companies continue to manage collection of the receivables.

Also, certain future collection rights arising from construction project contracts awarded under the lump-sum payment system were sold.

Through the sale and assignment of these collection rights, substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred, since no repurchase agreements have been entered into between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, in accordance with IFRSs, the Group derecognises the balances of receivables assigned or sold on the terms indicated above.

i) Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale and discontinued operations

Assets and liabilities whose carrying amount is recovered through a sale transaction rather than through continuing use are classified as non-current assets held for sale and liabilities associated with non-current assets classified as held for sale. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations represent Group components that are intended to be sold or disposed of by any other means, or are classified as held for sale. These components comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and represent separate lines of business or geographical areas of operations.

j) Inventories

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans, located mainly in the FCC Construcción subgroup (in exchange for construction work performed or to be performed), are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

k) Foreign currency

k.1) Translation differences

In general, the financial statements of foreign subsidiaries denominated in currencies other than the euro were translated to euros at the closing rates, with the exception of:

- Share capital and reserves, which were translated at historical exchange rates.
- The statement of profit or loss items of foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign companies through application of the year-end exchange rate method are included, net of taxes, in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

k.2) Exchange rate differences

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange rate differences arising in relation to the financing of investments in foreign companies (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences that offset the effect of the difference arising from the translation to euros of the foreign investee.

l) Equity instruments

Equity or capital instruments are recognised at the proceeds received, net of direct issue costs.

Treasury shares acquired by the Parent are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

The Group had in force up to 5 February 2014 (the date on which the scheme expired without any option being exercised) a remuneration scheme for its Executive Directors and Executives that was linked to the value of the Parent's shares. This scheme is described in Note 19 "Equity Instrument-Based Transactions".

m) Grants

Grants are recognised according to their nature.

m.1) Grants related to assets

Grants related to assets are grants which involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are recognised in profit or loss as the asset or assets to which they relate are depreciated.

m.2) Grants related to income

Grants related to income are different from those described above in that they do not relate directly to an asset or group of assets. These grants are accounted for as operating income for the amount received when awarded, unless they are received to finance specific expenses, in which case they are recognised in profit or loss as the related expenses are incurred.

n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated statement of profit or loss.

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Also, certain Group companies recognise provisions for restructuring costs when there is a detailed formal plan in place for this restructuring that has been communicated to the affected parties. At 31 December 2015, no liabilities for significant amounts had been recognised in this connection.

Provisions are classified as short-term or long-term provisions in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and long-term provisions are considered to be those the liability associated with which matures in a period exceeding the average cycle of the activity giving rise to the provision.

o) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months are classified as non-current liabilities.

p) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Fair value hedges: in this case, the changes in fair value of the hedging instrument are recognised in profit or loss and offset the changes in fair value of the hedged item.
- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the consolidated statement of profit or loss in the same period during which the hedged item affects profit or loss.
- Hedges of a net investment in a foreign operation: hedges of this type are aimed at covering foreign currency risk and are accounted for similarly to cash flow hedges.

Pursuant to IAS 39 “Financial Instruments: Recognition and Measurement”, in order to qualify for hedge accounting, a financial derivative must meet the following requirements:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- Prospective (analytical) evidence of the effectiveness of the hedge.
- Objective and verifiable ex-post measurements.

In order to be classified as a hedging instrument, the derivative must undergo an effectiveness test. These effectiveness tests are adapted to the type of hedge and the nature of the instruments used:

- In cash flow hedges it is first verified that the critical terms of the hedging instrument and the hedged asset or liability – amounts, maturities, repayments, reference indices, review dates, etc. – are all the same.

  In the case of interest rate swaps (IRSs) in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness is estimated using a test that prospectively and retrospectively checks that the changes in fair value of the cash flows of the IRS offset the changes in fair value of the hedged risk.

  A hypothetical derivative is used to quantify the hedged risk, whereby the hedged risk is replicated, isolating it from the other factors that influence expected cash flows. Using this approach, the present value of the cash flows is calculated on the basis of the difference between the forward interest rates for the applicable periods at the date of the effectiveness test and the interest rate that would have been obtained had the debt been arranged at the market rate prevailing on inception of the hedge. The hedge will be considered highly effective where the changes in the fair value of the cash flows of the real derivative and the cash flows of the hypothetical derivative are offset within a range of 80% and 125%. If this is not the case, the derivative is not classified as a hedge and changes in its fair value are recognised in the consolidated statement of profit or loss.

  For cash flow hedges in which the derivative hedging instrument is not an IRS but an option, the reduction in the variance of costs is taken into consideration only if the hedge is “activated”, i.e. if the reference rates fall within the hedged variability range. The methodology used once the hedge has been activated is the same as that used to test the effectiveness of the IRSs, with the exception that only the intrinsic value of the option will be taken into account in the effectiveness test, in accordance with IAS 39.

– The effectiveness test of fair value hedges -arranged using IRSs- is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

Although certain hedging instruments are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the FCC Group have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument within a range of 80% to 120%. When this does not occur, the changes in value are recognised in profit or loss.

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated statement of profit or loss as they arise.

The measurement of financial derivatives includes counterparty credit risk and is performed by experts on the subject that are independent from the Group and the entities financing it. The related values are calculated using methods and techniques defined on the basis of observable market inputs. For example:

– The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon yield curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon yield curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black-Scholes model was used.

– In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, assuming an increase and decrease in interest rates at year-end in various scenarios (see Note 31).

Note 24 to these consolidated financial statements details the financial derivatives that the Group has arranged and other matters related thereto.

q) Income tax

The income tax expense is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. Based on the legislation applicable to each company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year's accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Group capitalises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

r) Pension obligations

The Group companies have certain specific pension plan and similar obligations, which are described in Note 26 to these consolidated financial statements.

s) Operating income and expenses

In construction activities, the Group recognises results by reference to the stage of completion, determined by measuring the construction work performed in the year and the construction costs, which are recognised on an accrual basis. It recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the owners, or by amendments thereto approved by the owners, or the revenue with respect to which there is reasonable certainty regarding its recovery, since construction project revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Budgeted losses are recognised as an expense in the consolidated statement of profit or loss for the year.

The revenue and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

With regard to service concession arrangements, it should be noted that the FCC Group recognises as a result from operations the interest income arising from the receivables under the financial asset model, since the value of the financial asset includes both the construction services and the upkeep and maintenance services, which from an operational standpoint are identical to those represented by the intangible asset model and, consequently, it is considered that since both models relate to the operating activity of the Group, a fair representation is better achieved by including the income from the financial asset as a result from operations (see Note 3-a).

The gains or losses arising on disposals of ownership interests in subsidiaries are also recognised as a result from operations when control of the subsidiaries is lost. Also, as indicated in Note 3-b above in relation to business combinations achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is also recognised as profit or loss from operations.

The Group receives the CO_2 emission allowances for its cement business free of charge under the respective national allocation plans and it recognises the related income and expense flows when its sells its surplus allowances or purchases the allowances it requires.

t) Related party transactions

The Group performs all its transactions with related parties on an arm's length basis.

Note 32 to these consolidated financial statements details the main transactions with the significant shareholders of the Parent, its Directors and Senior Executives and between Group companies.

u) Consolidated statement of cash flows

The FCC Group prepares its consolidated statement of cash flows in accordance with the indirect method under IAS 7 "Statement of Cash Flows", using the following terms with the meanings specified:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Operating cash flows include most notably "Other Adjustments to Profit (Loss) (Net)" which consists of, primarily, items that are included in "Profit (Loss) before Tax" but do not have an impact on the change in cash, and items that are included in other line items of the consolidated statement of cash flows in accordance with their nature.
- Investing activities relate to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the equity and borrowings of the Group.

For the purpose of preparing the consolidated statement of cash flows, "Cash and Cash Equivalents" were considered to be cash on hand, demand bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

v) Consolidated statement of cash flows

In the Group's consolidated financial statements for 2015 and 2014, estimates were made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The impairment losses on certain assets (see Notes 7, 8 and 9).
- The measurement of goodwill (see Note 7).
- The recoverability of amounts to be billed for construction work performed being processed (see Notes 3-s and 16).
- The recoverability of deferred tax assets (see Note 25).
- The amount of certain provisions and, in particular, those relating to claims and litigation (see Note 20).
- The measurement of assets and liabilities classified as held for sale, when their net value is recognised at an amount less than the carrying amount, since their selling price, less costs to sell, is estimated to be lower than their carrying amount (see Note 4).
- The identification and the determination of the fair value of the assets and liabilities acquired in business combinations (see Note 5).
- The useful life of the intangible assets, property, plant and equipment and investment property (see Notes 7, 8 and 9).
- The calculation of the recoverable amount of inventories (see Note 15).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see Notes 20 and 26).
- The market value of derivatives (see Note 24).

In 2015 and 2014 impairment losses were recognised in order to reduce the carrying amount of certain assets held for sale to the amount expected to be obtained through their sale (see Note 4). Also of note in 2014 were the impairment loses recognised in relation to the FCC Environment (UK) Group's landfills (see Note 7) as a result of the extensive transformation of the waste management market in the UK, due mainly to the setting of ambitious recycling targets and the increase in landfill taxes, which led the Group to decide to close a significant number of landfills.

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future financial statements.

IFRS 7 "Financial Instruments: Disclosures" requires that the fair value measurements of financial instruments, both assets and liabilities, be classified in accordance with the significance of the variables used in the measurements. For this purpose, it establishes the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices that are observable for the financial instrument, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial instrument that are not based on observable market data.

Substantially all the Group's financial assets and liabilities measured at fair value are Level 2.

04. Non-Current Assets Classified as Held for Sale and Liabilities Associated with Non-Current Assets Classified as Held for Sale and Discontinued Operations

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" (see Note 3-i), the assets for which there were sale plans were reclassified. The FCC Group considers as discontinued operations activities which, individually or as a whole, regardless of whether they represent a business segment (see Note 29), represent a major line of business for the Group and are managed separately from the others.

The assets held for sale, after deducting their liabilities, were measured at the lower of carrying amount and the expected selling price less costs to sell, which gave rise to the recognition of the related impairment losses.

On 13 November 2015, once the conditions precedent had been fulfilled, the sale of the Cemusa Group was completed, and the assets in Portugal were excluded from the scope of consolidation as a result of the adverse judgment handed down by the competition authority in Portugal. The result up to the sale and the result on disposal were recognised under "Profit (Loss) for the Year from Discontinued Operations, Net of Tax" in the accompanying consolidated statement of profit or loss. The aforementioned assets in Portugal continue to be classified as a discontinued operation, as there is a plan to sell them, and their carrying amount is zero.

The Energy Area of the FCC Environmental (USA) Group and the Logistics Area business activities were sold in 2014 and, accordingly, the result up to their sale and the result on disposal were recognised under “Profit (Loss) for the Year from Discontinued Operations, Net of Tax” in the accompanying consolidated statement of profit or loss.

Also, in 2014 the ownership interest in the Realia Business subgroup was reclassified from “Discontinued Operations” to “Continuing Operations” as a result of the Group's decision to abandon the sale process, since the capital increase performed in December 2014 enabled the Group to strengthen its equity and financial position and, therefore, the investment and divestment plan was put up for review. The ownership interest in Realia was once again accounted for retrospectively using the equity method, and its carrying amount was revalued as if had never been classified as a discontinued operation.

The sections below detail the results, cash flows and balance sheet items relating to assets and liabilities classified as held for sale and discontinued operations.

Statement of profit or loss

The detail of the result after tax from discontinued operations shown in the accompanying consolidated statement of profit or loss is as follows:

	Cemusa Group	Globalvía Group	Total
2015			
Revenue	111,774	—	111,774
Operating expenses	(87,879)	—	(87,879)
Profit (Loss) from operations	27,068	—	27,068
Profit (Loss) before tax	4,261	—	4,261
Income tax	7,190	75	7,265
Impairment losses on discontinued operations after tax	(100,587)	(250)	(100,837)
Profit (Loss) for the year from discontinued operations, net of tax	(89,136)	(175)	(89,311)
Profit (Loss) attributable to non-controlling interests	(541)	—	(541)

	Energy Area	Cemusa Group	Logística Group	Globalvía Group	FCC Environmental (USA) Group	Total
2014						
Revenue	36,676	130,321	61,230	—	70,739	298,966
Operating expenses	(21,024)	(111,236)	(62,623)	—	(72,313)	(267,196)
Profit (Loss) from operations	(400)	39,889	(2,173)	—	(4,862)	32,454
Profit (Loss) before tax	(51,692)	27,267	4,198	5,949	(5,385)	(19,663)
Income tax	65,132	20,875	4,455	(3,974)	10,908	97,396
Impairment losses on discontinued operations after tax	—	(64,698)	—	8,192	—	(56,506)
Profit (Loss) for the year from discontinued operations, net of tax	13,440	(16,556)	8,653	10,167	5,523	21,227
Profit (Loss) attributable to non-controlling interests	(1,286)	(267)	—	—	—	(1,553)

The foregoing table indicates the impairment losses after tax recognised on the Cemusa Group, amounting to EUR 100,587 thousand (31 December 2014: EUR 64,698 thousand), in order to reduce the carrying amount of its net assets to their estimated selling price less costs to sell. The additional impairment losses recognised in 2015 relate to the change in the selling price with respect to 2014 year-end, partly because the sale, which was expected to have been completed by the end of January 2015 on fulfilment of the condition precedent consisting of approval by New York City Council had not been completed at that time. The delay in the sale increased the Cemusa Group's net financial debt and, as a result, reduced the selling price. Also, due to the additional adjustment of EUR 20,000 thousand agreed upon with the seller, arising from a downward adjustment of the cash flows of the New York concession arrangement as a result of an increase in advertising space due to the organisation of a new tender process for advertising on telephone booths.

It should be noted than in 2014 “Profit (Loss) for the Year from Discontinued Operations, Net of Tax” includes, as a result of the sale of 51% of the ownership interest in the Energy Area, on the one hand, income of EUR 63,948 thousand arising from the deductibility for income tax purposes, on sale, of the loss, as the selling price was lower than the related tax base and because, in accordance with the accounting principle of prudence in valuation, the impairment loss recognised in 2013 was not deducted and, on the other, a loss of EUR 41,455 thousand due to the recognition in profit or loss of the valuation adjustments existing at the date of disposal, which arose from the measurement at fair value of the hedging derivatives arranged by certain subgroup companies which, on loss of control, must be transferred to the statement of profit or loss.

In relation to the income tax recognised on the result from discontinued operations, the amount relating to the discontinued operation itself represented an income tax expense of EUR 899 thousand at 31 December 2015 (31 December 2014: benefit of EUR 24,285 thousand), while the impairment losses on the various discontinued operations gave rise to the recognition of an income tax benefit of EUR 8,164 thousand at 31 December 2015 (31 December 2014: EUR 73,111 thousand).

With regard to the ownership interest in Globalvía Infraestructuras, on 30 June 2015 FCC and Bankia reached an agreement with the strategic investment fund of the Government of Malaysia, Khazanah Nasional Berhad, for the sale of all of the shares of Globalvía. This sale was subject to the fulfilment of a series of conditions precedent, including the condition that the creditors, under a "Convertible Loan Facility" agreement entered into by Globalvía (OPTrust Infrastructure I, S.a.r.l, PGGM Infrastructure Fund 2010, PGGM Infrastructure Fund 2012 and USS Nero Limited), would waive their pre-emption and early payment rights were Globalvía to be sold. The aforementioned creditors exercised their pre-emption right and, on 23 October 2015, entered into a purchase and sale agreement under the same terms and conditions agreed upon with Khazanah Nasional Berhad. Completion of the transaction was subject to the fulfilment of a series of conditions precedent at 31 December 2015, which had been fulfilled at the date of authorisation for issue of these consolidated financial statements. The deadline for fulfilment of these conditions precedent is 23 April 2016, extendible until July 2016 under certain circumstances.

The selling price of Globalvía included an initial payment of EUR 83.3 million on completion of the transaction, foreseeably in April 2016 (at which time EUR 4 million must be transferred to Khazanah for damage and losses) plus another deferred amount based on the exchange ratio for the envisaged conversion of the bonds into shares of the investee in February 2017, the estimated amount of which (EUR 127 million, including interest) is expected to be collected in March 2017. In addition, on 4 February 2016, the Group received EUR 6 million from Globalvía Infraestructuras, S.A. recognised as "Distribution of Dividends with a Charge to Unrestricted Reserves". The amount recognised as assets classified as held for sale in the consolidated financial statements as at 31 December 2015 includes the best estimate of the aforementioned deferred price which is expected to be received, and the collection of certain amounts that will be retained in an escrow account as security in relation to the excluded assets, which are expected to be gradually released as they become unnecessary and the expected recoverable amount of which will not be less than EUR 8 million.

Statement of cash flows

The statement of cash flows relating to discontinued operations is as follows:

	Cemusa Group
2015	
Profit (Loss) before tax from discontinued operations	4,261
Adjustments to profit (loss)	38,797
Changes in working capital	(13,049)
Other cash flows from operating activities	(7,311)
Cash flows from operating activities	**22,698**
Payments due to investments	(78,031)
Proceeds from disposals	613
Other cash flows from investing activities	(598)
Cash flows from investing activities	**(78,016)**
Proceeds and (payments) relating to equity instruments	—
Proceeds and (payments) relating to financial liability instruments	80,806
Other cash flows from financing activities	(9,719)
Cash flows from financing activities	**71,087**
Total cash flows	**15,769**

	Energy Area	Cemusa Group	Logística Group	FCC Environmental (USA) Group	Total
2014					
Profit (Loss) before tax from discontinued operations	(51,692)	27,267	4,198	(5,385)	(25,612)
Adjustments to profit (loss)	77,022	16,321	(3,718)	5,530	95,155
Changes in working capital	(20,344)	(9,639)	967	(4,198)	(33,214)
Other cash flows from operating activities	(81)	3,777	(45)	(1,054)	2,597
Cash flows from operating activities	**4,905**	**37,726**	**1,402**	**(5,107)**	**38,926**
Payments due to investments	(711)	(80,513)	(943)	(1,181)	(83,348)
Proceeds from disposals		29,361	176	161	29,698
Other cash flows from investing activities	15	6,392	80	(849)	5,638
Cash flows from investing activities	**(696)**	**(44,760)**	**(687)**	**(1,869)**	**(48,012)**
Proceeds and (payments) relating to equity instruments	(458)	—	—	—	(458)
Proceeds and (payments) relating to financial liability instruments	121	12,731	4,162	6,422	23,436
Other cash flows from financing activities	(8,447)	(10,598)	(500)	503	(19,042)
Cash flows from financing activities	**(8,784)**	**2,133**	**3,662**	**6,925**	**3,936**
Total cash flows	**(4,575)**	**(4,901)**	**4,377**	**(51)**	**(5,150)**

Balance sheet. Non-current assets and liabilities classified as held for sale

Following is a detail of the various assets and liabilities reclassified as held for sale under the respective headings in the accompanying balance sheet:

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Cemusa Group	—	—	777,520	776,929
Cemusa Portugal Group	15,887	15,887	—	—
Globalvía Group	220,000	—	225,000	—
	235,887	**15,887**	**1,002,520**	**776,929**

Following is a detail, by balance sheet heading, of the assets and liabilities presented under the respective held-for-sale headings:

	2015	2014
Property, plant and equipment	16,722	154,556
Intangible assets	673	569,765
Financial assets	333,322	341,439
Deferred tax assets	323	6,273
Current assets	4,401	108,257
Impairment of non-current assets classified as held for sale	(119,554)	(177,770)
Non-current assets classified as held for sale	**235,887**	**1,002,520**
Non-current financial liabilities	760	537,929
Other non-current liabilities	2,472	12,600
Current financial liabilities	8,868	170,368
Other current liabilities	3,787	56,032
Liabilities associated with assets classified as held for sale	**15,887**	**776,929**

05. Changes in the Scope of Consolidation

No noteworthy acquisitions took place either in 2015 or in 2014 and, consequently, there were no significant changes in the scope of consolidation of the FCC Group in this connection.

The FCC Group, in order to focus on its strategic activities, carried out major divestments, including most notably the sale of the Cemusa subgroup in 2015 (see Note 4). The following divestments were worthy of note in 2014:

- The sale of 51% of the Energy Area for EUR 8,000 thousand, the main impact of which on results was the recognition of EUR 63,948 thousand in relation to the deduction for tax purposes in 2014 of a portion of the impairment loss recognised in 2013 that, in accordance with the accounting principle of prudence in valuation, was not recognised in that year (see Note 4).
- The sale of the FCC Environmental (USA) Group for EUR 69,044 thousand (see Note 4).
- The sale of the FCC Logística Group for EUR 6,330 thousand (see Note 4).
- The sale of FCC Connex and its subsidiaries engaging in passenger transport services for EUR 13,130 thousand.

06. Distribution of Profit or Loss

Although Fomento de Construcciones y Contratas, S.A. did not distribute a dividend in 2015 or 2014, certain subsidiaries with non-controlling interests did distribute a dividend, which gave rise to the following payments to those non-controlling interests:

	2015	2014
Shareholders of Fomento de Construcciones y Contratas, S.A.	—	—
Other non-controlling interests of the other companies	15,041	4,852
	15,041	**4,852**

07. Intangible Assets

The detail of the carrying amount of intangible assets at 31 December 2015 and 2014 is as follows

	Cost	Accumulated amortisation	Impairment	Carrying amount
2015				
Concessions (Note 11)	2,109,050	(648,472)	(56,959)	1,403,619
Goodwill	2,042,532	—	(546,623)	1,495,909
Other intangible assets	368,633	(230,995)	(10,746)	126,892
	4,520,215	**(879,467)**	**(614,328)**	**3,026,420**
2014				
Concessions (Note 11)	1,999,926	(578,974)	(54,705)	1,366,247
Goodwill	1,990,502	—	(518,464)	1,472,038
Other intangible assets	351,474	(206,781)	(15,454)	129,239
	4,341,902	**(785,755)**	**(588,623)**	**2,967,524**

a) Concessions

The changes in "Concessions" in the consolidated balance sheet in 2015 and 2014 were as follows:

	Concessions	Accumulated amortisation	Impairment
Balance at 31/12/13	**1,811,503**	**(517,587)**	**(44,835)**
Additions or charge for the year	104,126	(66,112)	(10,305)
Disposals or reductions	(8,963)	7,866	435
Changes in the scope of consolidation, translation differences and other changes	25,819	(2,768)	—
Transfers	67,441	(373)	—
Balance at 31/12/14	**1,999,926**	**(578,974)**	**(54,705)**
Additions or charge for the year	106,526	(69,742)	(2,168)
Disposals or reductions	(228)	226	609
Changes in the scope of consolidation, translation differences and other changes	2,364	54	3,216
Transfers	462	(36)	(3,911)
Balance at 31/12/15	**2,109,050**	**(648,472)**	**(56,959)**

"Concessions" includes the intangible assets relating to the service concession arrangements (see Note 11).

The most significant additions in 2015 relate to FCC Environment Group (UK) - PFI Holdings (EUR 77,110 thousand (2014: EUR 27,079 thousand)), Acque di Caltanisseta, S.P.A. (EUR 12,067 thousand (2014: 3,060 thousand)) and concessions operated by FCC Aqualia, S.A. (EUR 5,831 thousand (2014: EUR 12,990 thousand).

There were no significant disposals in 2015, while those in 2014 related basically to concessions operated by FCC Aqualia, S.A., amounting to EUR 8,186 thousand.

The borrowing costs capitalised in 2015 amounted to EUR 1,271 thousand (2014: EUR 1,667 thousand) and accumulated capitalised borrowing costs amounted to EUR 18,668 thousand (2014: EUR 22,934 thousand).

b) Goodwill

The breakdown of the goodwill in the accompanying consolidated balance sheets as at 31 December 2015 and 2014 is as follows:

	2015	2014
Cementos Portland Valderrivas, S.A.	809,351	809,351
Grupo FCC Environment (UK)	356,484	335,920
.A.S.A. Group	136,891	136,890
FCC Aqualia, S.A.	82,763	82,763
FCC Ámbito, S.A.	23,311	23,311
Giant Cement Holding, Inc.	32,613	29,308
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Marepa Group	12,220	12,220
FCC Construcción de Centroamérica Group	8,460	8,460
Tratamientos y Recuperaciones Industriales, S.A.	869	869
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A.	3,712	3,712
Other	3,404	3,403
	1,495,909	**1,472,038**

The impairment tests performed by the Group on its goodwill are described in Note 3-b. Based on the methods used and on the estimates, projections and valuations available to Group management, there were no indications that additional impairment losses might arise on these assets.

Following is a description of the most significant estimates and sensitivity tests performed in the impairment tests on goodwill.

Cementos Portland Valderrivas

It should be noted that the goodwill recognised for this group, amounting to EUR 809,351 thousand, comprises three separately identifiable items:

- goodwill of EUR 583,082 thousand recognised in the separate financial statements of Cementos Portland Valderrivas, S.A. arising from the merger by absorption of the parent of the Corporación Uniland Group and certain of its subsidiaries;
- EUR 113,505 thousand relating to the cash-generating unit (CGU) consisting of the Alcalá de Guadaira plant; and
- goodwill of EUR 112,764 thousand arising from the successive acquisitions by FCC, S.A. (the Parent of the Group) of additional ownership interests in Cementos Portland (in turn, the parent of the cement business) prior to the entry into force of the current version of IFRS 3, with respect to which the CGU to be considered, therefore, is the entire business activity of the Cementos Portland Valderrivas Group, and this policy has been applied on an ongoing basis since the entry into force of IFRS 3 (2005).

As indicated in Note 21 to these consolidated financial statements, Cementos Portland is currently refinancing certain of its financial liabilities maturing at short term. The Group assessed the recoverability of its investment in the Cementos Portland Group on the basis of its value in use, without considering the liquidation or sale thereof, as it has been providing financial support as demonstrated by the signing of the "CPV Support Agreement" (see Note 21), whereby EUR 100,000 thousand were contributed, with the obligation of contributing up to an additional EUR 100,000 thousand, and which the Group foresees that it will continue to support through the capital increase of the Parent (see Note 18), which envisages additional funds being allocated to Cementos Portland in order to provide it with greater liquidity and flexibility in its debt repayment and restructuring process. As a result, the Group applied the going concern principle of accounting to its investment in Cementos Portland.

The consolidated carrying amount at 31 December 2015, including the EUR 100,000 thousand contributed pursuant to the aforementioned "CPV Support Agreement", was EUR 673,495 thousand. The value of the investment, based on its market price at 31 December 2015, was EUR 210,593 thousand; however, the Group did not recognise any impairment loss, since the value in use of its investment in Cementos Portland exceeded its carrying amount at that date.

The Cementos Portland Valderrivas Group bases its cash flow projections on historical data and the future projections of both the Group and external organisations. The Company updated its 2012-2021 Business Plan in 2015, which serves as the basis for the impairment test calculations. The cement consumption estimate used for Spain was 11.2 million tonnes for 2015 and 11.7 million for 2016, in line with the growth forecast by Oficemen. The actual figures for 2015 were slightly higher than the estimates, reaching 11.4 million tonnes.

In addition to the Oficemen data, the Group constantly monitors the expected civil engineering and residential building work by referring to indicators published by various bodies relating to the number of residential building permits (INE), non-residential buildings permits, the level of civil engineering activity and data on public tenders (Seopan).

At long term, taking as macroeconomic variables the historical growth rate of the population, investment in construction and analysts' estimates, projections point to the recovery of the Spanish cement market and the Group estimates normalised consumption in Spain of more than 25 million tonnes.

In this connection, for the impairment tests performed in relation to Cementos Portland Valderrivas, gross operating profits based on the 26% achieved in 2015 have been projected which consider the effects of the adjustments that the Group began to make in 2013 to adapt its capacity to the market situation, as part of its strategy, achieving margins similar to those achieved in the past by the cash-generating units for the estimated volumes of activity. In accordance with IAS 36, only the adjustments already made or approved by Group management at the date of the impairment tests were taken into account in the tests.

The historical data on cement consumption and consumption per capita show that the volume for Spain estimated by the Group is reasonable, with lower consumption per capita than in 1988. In addition, Oficemen, the cement industry's employers' association in Spain, in conjunction with the Spanish Ministry of Industry, Energy and Tourism, have drawn up "Plan CRECIMENTA 2030" The main aim of this plan is to develop the mechanisms required to bring forward the objective of producing the equivalent of 30 million tonnes of cement equivalent in Spain from 2030 to 2020, seeking synergies with other production sectors, the ultimate aim being for the plan to act as the driving force behind the recovery of economic activity in Spain.

The sensitivity of the cash flows envisaged in the impairment tests of the Cementos Portland Valderrivas Group to delays in the recovery of estimated cement consumption shows that delays of two years in the time periods envisaged for the recovery of the cement market reduce the present value of the estimated cash flows by 12.6%, with no need to recognise additional impairment losses.

Following is a description of the main assumptions used in each of the impairment tests performed on the three aforementioned CGUs.

a) Corporación Uniland

In August 2006 Cementos Portland Valderrivas, S.A. acquired a 51.04% ownership interest in the Corporación Uniland Group. The related agreement granted the seller a put option on an additional 22.50%, exercisable in five years. In December 2006 a portion of the option, representing 2.18%, was exercised. The total acquisition price was EUR 1,144,134 thousand.

Additional ownership interests were acquired in subsequent years through the exercise of the aforementioned put option (20.32%) for a total amount of EUR 432,953 thousand. Lastly, an exchange transaction was performed in 2013 whereby the ownership interest in Cementos Lemona was given up in exchange for the non-controlling interest owned by the Irish cement group CRH. As a result of this transaction, the Group obtained all the shares of Uniland. The transaction was valued at EUR 321,886 thousand. The total cost of the 100% ownership interest in Uniland amounted, therefore, to EUR 1,898,973 thousand.

The aforementioned additional acquisitions gave rise to a negative impact on reserves of EUR 177,292 thousand, as a result of the application of IFRS 3 from its entry into force in 2009. In 2011 impairment losses of EUR 239,026 thousand were recognised in relation to the aforementioned acquisitions, as a result of the market slump in the cement industry, which is not expected to recover in the short or medium term.

As indicated above, the parent of the Corporación Uniland Group and certain of its subsidiaries were absorbed by Cementos Portland Valderrivas, S.A. and, accordingly, the goodwill of the former is recognised in the separate financial statements of Cementos Portland Valderrivas, S.A.

The Corporación Uniland Group's plants are taking advantage of their geographical location, offsetting the drop in the domestic market with increased exports.

Market performance in Tunisia is expected to remain robust, with increased demand and the limited impact of the new market competitors. Consequently, it is estimated that in the coming years the Group may sell all of its production in the domestic market, with the corresponding reduction in current export levels.

The main variables used in the test are as follows:

- Discounted cash flow period: 2016 to 2025
- Discount rate: 6.58%
- Perpetuity growth rate: 0%
- Compound annual growth rate (in euros) of the Spanish cement market:
  - Revenue from domestic market (without CO_2 allowances): 12.8%
  - Revenue from export market: 4%
  - Gross profit (loss) from operations: 16.4%
- Compound annual growth rate (in dinars) of the Tunisian cement market:
  - Total revenue: 3.4%
  - Revenue from domestic market: 5.5%
  - Revenue from export market: -100.0%
  - Gross profit (loss) from operations: 4.1%

Using the framework mentioned in the impairment test, revenue growth is expected for all the projected years ranging from 1.3% to 10.8%. Gross profit (loss) from operations grows gradually from the current 26.3% to 38.7% in 2025, the last year in the series. This growth is driven mainly by the characteristics of the cement market in which, once fixed costs are covered, the margin increases significantly since the variable costs are very low compared with revenue growth. In view of the characteristics of the business and its cycle, a ten-year time horizon was considered, and the estimated cash flows were discounted using a discount rate of 6.58%. A zero growth rate was used to calculate the perpetual return. The present value of the perpetual return represents 61.9% of the total recoverable amount. The test showed that the recoverable amount of the cash-generating unit is EUR 387,194 thousand higher than its carrying amount and would withstand an increase of just over 200 basis points and a decrease in the present value of the cash flows of around 26.5% without the need to recognise any impairment loss.

b) Alcalá de Guadaira

Also, the Alcalá de Guadaira plant is taking advantage of its geographical location to offset the drop in the domestic market with increased exports.

The main variables used in the test are as follows:

- Discounted cash flow period: 2016 to 2025
- Discount rate: 6.58%
- Perpetuity growth rate: 0%
- Compound annual growth rate:
  - Total revenue: 8.1%
  - Revenue from domestic market: 10.8%
  - Revenue from export market: -8.3%
  - Gross profit (loss) from operations: 19.2%%

For the performance of the impairment test, in view of the features and cycle of the cement business, the projections considered a ten-year time horizon and a 6.58% discount rate. A zero growth rate was used to calculate the perpetual return. The present value of the perpetual return represents 61.6% of the total recoverable amount. The current projections disclose that the recoverable amount is EUR 124,442 thousand higher than the CGU's carrying amount and would withstand an increase in the discount rate of more than 415 basis points and a reduction of more than 40% of the present value of the cash flows.

c) Cementos Portland Valderrivas Group

As regards the goodwill associated with the CGU consisting of the entire cement business, it should be noted that if we consider the sum of the present values of the cash flows for the CGUs tested for impairment because goodwill had been allocated to them, discounted at a rate of 6.58%, such as Uniland, the Alcalá de Guadaira plant, Giant, etc., taking into consideration that in the case of the other CGUs the recoverable amount is at least equal to the carrying amount, the aggregate recoverable amount exceeds the carrying amount of the total cement business and, therefore, there is no impairment. If the cash flows relating to the entire cement business were taken into consideration, the excess of recoverable amount over carrying amount would be even greater. A zero growth rate was used to calculate the perpetual return, so that the present value of the perpetual return represents 62.4% of the total recoverable amount. The current projections disclose that the recoverable amount is EUR 865,744 thousand higher then the carrying amount and would withstand an increase in the discount rate of more than 300 basis points and a reduction of more than 35% of the present value of the cash flows.

FCC Environment (UK) Group, formerly WRG Group

In 2006 the FCC Group acquired all of the shares of the FCC Environment (UK) Group for an investment cost of EUR 1,693,532 thousand.

It should be noted that in 2012 impairment losses of EUR 190,229 thousand were recognised on goodwill, as a result of the decrease in cash flows from the latter's activities due to changes in their timing and amount. In 2013 additional impairment losses of EUR 236,345 thousand were recognised on goodwill, mainly as a result of the decrease in the tonnage treated at landfills. Lastly, in 2014 impairment losses of EUR 649,681 thousand were recognised on landfill activity-related items of property, plant and equipment (see Note 8).

Subsequent to the write-downs and the changes arising from the results and changes in equity of FCC Environment (UK), the consolidated carrying amount at 31 December 2015 was EUR 654,926 thousand.

From the moment of its acquisition, the Group considered the FCC Environment (UK) subgroup as a single cash-generating unit (CGU), as the goodwill recognised in the balance sheet related solely to that CGU. Landfill-related activities are not considered, nor were they considered in the past, as a separate CGU.

In relation to landfills, in 2014 the Group performed an impairment test on the carrying amount of its property, plant and equipment, as it considered that there were indications of impairment in view of the foreseeable abandonment of activities at many of them, as a result of the new FCC Environment (UK) Business Plan approved in 2014, which forecasts a significant reduction in the number of operational landfills. In performing the test, the landfills were considered on an individual basis as separate assets, since they generate cash flows independently of each other, considering, in particular, the estimated date of closure where applicable. The measurement of the impairment on these landfills gave rise to the aforementioned impairment.

After recognising this impairment on the property, plant and equipment, the carrying amount of the entire CGU of the subgroup was taken into consideration in order to perform the impairment test on the goodwill recognised, and it was concluded that the CGU generated sufficient cash flows to support its carrying amount at 31 December 2014.

The cash flows considered in the impairment test take into consideration the current situation of the CGU, and the best estimates of the future cash flows are performed based on the mix of activities expected in the future. The relative weight of the various activities will vary as the Group strengthens other waste treatment alternatives, which the subgroup already does, offsetting the gradual abandonment of landfill activities.

The main assumptions used relate to revenue growth of approximately 0.2-6.1% for 2016-2020, remaining at around 2% for the remaining years of the series. Also, the gross operating margin drops from 22.6% in 2016 to around 21% for 2020-2025, due largely to the change in the mix of activities, with activities with lower margins gaining relative importance. The discount rate used was 5.70% and a ten-year time horizon was considered for the estimates, in view of the structural characteristics of its business and the long useful lives of its assets. A 1% growth rate was used to calculate the perpetual return. The present value of the perpetual return represents 67.7% of the total recoverable amount. The test showed that the recoverable amount of the cash-generating unit is EUR 297,257 thousand higher than its carrying amount and would withstand an increase of just over 160 basis points and a decrease in the present value of the cash flows of around 27% without the need to recognise any impairment loss and, had a zero growth rate been considered, the aforementioned excess would have decreased to EUR 168,606 thousand.

Note 3-e to these consolidated financial statements establishes that the general criterion was not to consider growth rates in the perpetual return but rather, in the case of the FCC Environment (UK) subgroup, given the transformation occurring in the mix of activities, it was considered that a 1% growth rate was a fairer representation of the reality of the business in the framework of the changes occurring in UK waste treatment industry, with a sharp decline in the dumping of waste at landfills and an increase in alternative waste treatment activities, which is expected to persist over a prolonged period of time. This growth rate is lower than that applied by comparable companies carrying on similar activities in the UK. As indicated in Note 8, landfill activity is gradually decreasing due to its lack of profitability, and this abandonment is being offset by an increase in other waste treatment activities as indicated. Accordingly, the growth rate used in calculating the perpetual return includes the gradual increase in the other activities, offsetting the reduced value of the perpetual return offered by landfill activities.

The changes in goodwill in the accompanying consolidated balance sheet in 2015 and 2014 were as follows:

Balance at 31/12/13		**1,446,518**
Changes in the scope of consolidation, translation differences and other changes:		
FCC Environment (UK) Group	22,082	
Giant Cement Holding, Inc.	3,438	25,520
Balance at 31/12/14		**1,472,038**
Changes in the scope of consolidation, translation differences and other changes:		
FCC Environment (UK) Group	20,566	
Giant Cement Holding, Inc.	3,305	23,871
Balance at 31/12/15		**1,495,909**

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2015 includes most notably the effect of the appreciation of the pound sterling against the euro, which gave rise to an increase of EUR 20,566 thousand (2014: increase of EUR 22,082 thousand) in the goodwill associated with the FCC Environment (UK) Group (formerly the WRG Group).

c) Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2015 and 2014 were as follows:

	Other intangible assets	Accumulated amortisation	Impairment
Balance at 31/12/13	**371,725**	**(188,405)**	**(14,524)**
Additions or charge for the year	45,950	(19,523)	(1,086)
Disposals or reductions	(4,188)	3,074	156
Changes in the scope of consolidation, translation differences and other changes	10,704	(2,545)	–
Transfers	(72,717)	618	–
Balance at 31/12/14	**351,474**	**(206,781)**	**(15,454)**
Additions or charge for the year	18,285	(24,222)	–
Disposals or reductions	(7,481)	2,038	4,726
Changes in the scope of consolidation, translation differences and other changes	3,393	(2,030)	(3,930)
Transfers	2,962	–	3,912
Balance at 31/12/15	**368,633**	**(230,995)**	**(10,746)**

This heading includes mainly:

- amounts paid to public or private bodies in relation to fees for the award of contracts that do not qualify as concession arrangements pursuant to IFRIC 12 "Service Concession Arrangements", relating mainly to the Environmental Services Area;
- the amounts recognised as intangible assets on initial recognition of certain business combinations representing items such as customer portfolios and contracts in force on the purchase date;
- the rights to operate quarries relating to the Cement Area; and
- computer software.

08. Property, Plant and Equipment

The detail of the carrying amount of property, plant and equipment at 31 December 2015 and 2014 is as follows:

	Cost	Accumulated depreciation	Impairment	Carrying amount
2015				
Land and buildings	**1,574,518**	**(542,385)**	**(96,860)**	**935,273**
Land and natural resources	784,772	(148,547)	(81,148)	555,077
Buildings for own use	789,746	(393,838)	(15,712)	380,196
Plant and other items of property, plant and equipment	**8,180,431**	**(5,269,089)**	**(720,381)**	**2,190,961**
Plant	5,350,270	(3,123,041)	(702,251)	1,524,978
Machinery and transport equipment	2,109,414	(1,640,416)	(15,115)	453,883
Property, plant and equipment in the course of construction and advances	51,817	–	–	51,817
Other items of property, plant and equipment	668,930	(505,632)	(3,015)	160,283
	9,754,949	**(5,811,474)**	**(817,241)**	**3,126,234**

	Cost	Accumulated depreciation	Impairment	Carrying amount
2014				
Land and buildings	**1,552,183**	**(504,712)**	**(89,686)**	**957,785**
Land and natural resources	791,872	(141,829)	(75,103)	574,940
Buildings for own use	760,311	(362,883)	(14,583)	382,845
Plant and other items of property, plant and equipment	**7,852,831**	**(4,972,475)**	**(683,667)**	**2,196,689**
Plant	5,083,305	(2,906,756)	(663,277)	1,513,272
Machinery and transport equipment	2,046,456	(1,565,997)	(17,102)	463,357
Property, plant and equipment in the course of construction and advances	64,518	—	—	64,518
Other items of property, plant and equipment	658,552	(499,722)	(3,288)	155,542
	9,405,014	**(5,477,187)**	**(773,353)**	**3,154,474**

The changes in 2015 and 2014 in property, plant and equipment accounts were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and transport equipment	Property, plant and equipment in the course of construction and advances	Other items of property, plant and equipment	Plant and other items of property, plant and equipment	Accumulated depreciation	Impairment
Balance at 31/12/13	**779,630**	**734,298**	**1,513,928**	**4,819,911**	**2,053,887**	**52,108**	**627,009**	**7,552,915**	**(5,177,062)**	**(153,515)**
Additions or charge for the year	33	18,244	18,277	40,544	92,549	50,276	48,155	231,524	(323,545)	(652,984)
Disposals or reductions	(10,086)	(13,470)	(23,556)	(13,302)	(141,843)	(1,764)	(23,951)	(180,860)	163,477	6,745
Changes in the scope of consolidation, translation differences and other changes	18,285	18,526	36,811	214,129	38,437	713	5,080	258,359	(149,773)	25,337
Transfers	4,010	2,713	6,723	22,023	3,426	(36,815)	2,259	(9,107)	9,716	1,064
Balance at 31/12/14	**791,872**	**760,311**	**1,552,183**	**5,083,305**	**2,046,456**	**64,518**	**658,552**	**7,852,831**	**(5,477,187)**	**(773,353)**
Additions or charge for the year	49	22,153	22,202	20,354	95,927	48,550	42,179	207,010	(338,829)	(13,290)
Disposals or reductions	(33,537)	(18,443)	(51,980)	(16,001)	(80,019)	(1,062)	(37,833)	(134,915)	134,307	13,205
Changes in the scope of consolidation, translation differences and other changes	23,042	22,043	45,085	231,451	26,920	(316)	4,002	262,057	(130,164)	(43,839)
Transfers	3,346	3,682	7,028	31,161	20,130	(59,873)	2,030	(6,552)	399	36
Balance at 31/12/15	**784,772**	**789,746**	**1,574,518**	**5,350,270**	**2,109,414**	**51,817**	**668,930**	**8,180,431**	**(5,811,474)**	**(817,241)**

The most significant “Additions” in 2015 were the investments made for the performance of contracts in the Environmental Services Area, mainly at Fomento de Construcciones y Contratas, S.A., amounting to EUR 59,045 thousand (2014: EUR 45,530 thousand), at the FCC Environment (UK) Group (formerly the WRG Group), amounting to EUR 37,529 thousand (2014: EUR 62,843 thousand), at the .A.S.A. Group, amounting to EUR 27,548 thousand (2014: EUR 33,673 thousand) and those made in the Integral Water Management Area, primarily by SmVak, amounting to EUR 18,358 thousand (2014: EUR 18,358 thousand).

Impairment losses for 2014 included most notably those recognised at the FCC Environment (UK) Group amounting to EUR 649,681 thousand. The aforementioned impairment losses arose as a result of the extensive transformation experienced by the waste management market in the UK as a result of the British Government's policy in implementing European Directives, which requires that waste is treated prior to being sent to the landfill sites, establishes ambitious recycling targets and increases the landfill tax from GBP 56 per tonne in 2011 to up to GBP 80 per tonne in 2014; all of the foregoing actions are intended to promote the use of alternative treatment technologies. This environmental policy, together with the severe financial crisis (drop in consumption and generation of waste), resulted in a rapid drop in the waste disposal activity at landfill sites; waste disposal at the landfill sites of the FCC Group in the UK has dropped from 9.1 million tonnes in 2007 to 4.4 million tonnes in 2013. This situation forced the FCC Group to review its business strategy and model and to propose to perform, on the one hand, the restructuring of the landfill business, enabling the capacity and availability of landfill sites to be adapted to the market's needs and, on the other, to commit to a diversification strategy, aimed at providing waste collection, recycling and treatment, and renewable energy production services.

To determine the impairment of the FCC Environment (UK) Group's property, plant and equipment, the landfill sites were considered as individual cash-generating units (CGUs) since they generate independent cash flows. The carrying amount of these CGUs was determined principally by calculating their value in use, using discounted cash flows to estimate their present value on the basis of the estimated useful life of each of the units. The discount rate before tax used was 6.8%.

"Disposals or Reductions" includes disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives.

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2015 continued to include most notably, as in 2014, the effect of the appreciation of the pound sterling and US dollar against the euro.

No borrowing costs were capitalised in 2015 (2014: EUR 4,558 thousand) and accumulated capitalised borrowing costs amounted to EUR 34,198 thousand (2014: EUR 32,593 thousand).

At 31 December 2015, grants related to property, plant and equipment amounting to EUR 4,755 thousand were allocated to profit or loss (31 December 2014: 2,689 thousand).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At 2015 year-end, the Parent considered that the property, plant and equipment were fully insured.

Fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 3,358,073 thousand at 31 December 2015 (31 December 2014: EUR 3,111,506 thousand).

At 31 December 2015, property plant and equipment located outside Spain, net of depreciation, in the accompanying consolidated balance sheet amounted to EUR 1,920,887 thousand (31 December 2014: EUR 1,891,015 thousand).

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet as at 31 December 2015, there are restrictions on title to assets amounting to EUR 571,006 thousand (31 December 2014: EUR 557,912 thousand), the detail being as follows:

	Cost	Accumulated depreciation	Impairment	Carrying amount
2015				
Buildings, plant and equipment	2,428,676	(1,924,490)	—	504,186
Other items of property, plant and equipment	187,638	(120,818)	—	66,820
	2,616,314	**(2,045,308)**	**—**	**571,006**
2014				
Buildings, plant and equipment	2,302,285	(1,734,863)	(63,293)	504,129
Other items of property, plant and equipment	170,168	(116,385)	—	53,783
	2,472,453	**(1,851,248)**	**(63,293)**	**557,912**

The restrictions on title to the aforementioned assets arise from the finance lease agreements explained in Note 10 to these consolidated financial statements and also relate to the assets assigned to the operation of certain concession arrangements.

Purchase commitments

In the course of their business activities, the Group companies had formalised property, plant and equipment purchase commitments amounting to EUR 520 thousand at 31 December 2015 (31 December 2014: EUR 1,197 thousand), the detail being as follows:

	2015	2014
Buildings for own use	—	—
Plant	129	—
Machinery and transport equipment	377	1,197
Other items of property, plant and equipment	14	—
	520	**1,197**

09. Investment Property

"Investment Property" in the accompanying consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or, as the case may be, for capital appreciation.

The detail of "Investment Property" at 31 December 2015 and 2014 is as follows:

	Cost	Accumulated depreciation	Carrying amount
2015			
Investment property	20,503	(369)	20,134
	20,503	**(369)**	**20,134**
2014			
Investment property	21,271	(181)	21,090
	21,271	**(181)**	**21,090**

The detail of the changes in 2015 and 2014 is as follows:

Balance at 31/12/13	**16,827**
Additions	793
Disposals	—
Depreciation and impairment charge	(173)
Changes in the scope of consolidation, translation differences and other changes	3,643
Transfers	—
Saldo 31.12.14	**21,090**
Additions	—
Disposals	—
Depreciation and impairment charge	(188)
Changes in the scope of consolidation, translation differences and other changes	41
Transfers	(809)
Balance at 31/12/15	**20,134**

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2014 includes most notably the increase of EUR 3,643 thousand since, as a result of the final sale agreement for the Alpine Energie subgroup, the Group assumed the assets and liabilities of Alpine Energie Holding AG as a result of the company ultimately not being included in the sale transaction.

At the end of 2015 and 2014 the Group did not have any firm commitments to purchase or construct investment property.

10. Leases

a) Finance leases

The detail of the finance leases in force at the end of 2015 and 2014 and of the related cash flows is as follows:

	Movable property	Real estate	Total
2015			
Carrying amount	**75,936**	**10,930**	**86,866**
Accumulated depreciation	43,234	3,710	46,944
Cost of the assets	**119,170**	**14,640**	**133,810**
Finance costs	8,865	3,188	12,053
Capitalised cost of the assets	**128,035**	**17,828**	**145,863**
Lease payments paid in prior years	(38,608)	(1,005)	(39,613)
Lease payments paid in the year	(34,986)	(6,114)	(41,100)
Lease payments outstanding, including purchase option	**54,441**	**10,709**	**65,150**
Unaccrued finance charges	(2,936)	(67)	(3,003)
Present value of lease payments outstanding, including purchase option (Note 21-c and 21-d)	**51,505**	**10,642**	**62,147**
Lease term (years)	1 to 10	9 to 20	
Value of purchase options	3,323	5,487	8,110

	Movable property	Real estate	Total
2014			
Carrying amount	**65,322**	**6,275**	**71,597**
Accumulated depreciation	35,681	3,416	39,097
Cost of the assets	**101,003**	**9,691**	**110,694**
Finance costs	6,997	3,216	10,213
Capitalised cost of the assets	**108,000**	**12,907**	**120,907**
Lease payments paid in prior years	(31,821)	(579)	(32,400)
Lease payments paid in the year	(27,639)	(5,005)	(32,644)
Lease payments outstanding, including purchase option	**48,540**	**7,323**	**55,863**
Unaccrued finance charges	(2,050)	(186)	(2,236)
Present value of lease payments outstanding, including purchase option (Note 21-c and 21-d)	**46,490**	**7,137**	**53,627**
Lease term (years)	1 to 7	3 to 15	
Value of purchase options	6,405	5,487	11,892

The detail, by maturity, of the total amount of the lease payments and of their present value at 31 December 2015 is as follows:

	Within one year	Between one and five years	After five years	Total
2015				
Lease payments outstanding, including purchase option	24,944	32,472	7,734	65,150
Unaccrued finance charges	(1,150)	(1,497)	(356)	(3,003)
Present value of lease payments outstanding, including purchase option	**23,794**	**30,975**	**7,378**	**62,147**

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2015 no expense was incurred in connection with contingent rent.

b) Operating leases

The operating lease payments recognised as an expense by the Group as a lessee in the year ended 31 December 2015 amounted to EUR 197,733 thousand (31 December 2014: EUR 201,582 thousand). These payments relate mainly to machinery leased in the construction business, to plant and to buildings leased for use by the Group in all the activities carried on by it.

The agreements arranged in prior years include most notably the lease for the office building located in Las Tablas (Madrid), in effect since 23 November 2012 for an 18-year term, extendable at the FCC Group's discretion by two five-year periods, with an annual rent adjustable each year based on the increase in the CPI. Also worthy of note is the lease agreement entered into in 2011 between Fomento de Construcciones y Contratas, S.A. and the owners of the buildings housing the FCC Group's Central Services offices, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona, for a non-cancellable minimum term of 30 years, extendable at the Group's discretion by two five-year periods, each with an annual rent adjustable each year based on the increase in the CPI. The owners, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

Also, the agreement entered into by the FCC Group and Hewlett Packard Servicios España, S.L. on 19 November 2010, under which the IT Infrastructure Operation Services were outsourced in order to improve efficiency and enable the Group to be more flexible and competitive on an international scale, was renegotiated on 30 May 2014, establishing the final expiration of the agreement in July 2018.

At 2015 year-end the non-cancellable future payment obligations relating to operating leases for buildings, structures and IT infrastructure operation services amounted to EUR 509,704 thousand (2014: EUR 483,188 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2015 is as follows:

	2015
Within one year	77,259
Between one and five years	195,405
After five years	237,040
	509,704

It should be noted that as a lessor, the FCC Construcción Group recognised income of EUR 6,536 thousand in relation to the lease of its machinery to third parties, mainly to FCC Construcción América in Central America.

11. Service Concession Arrangements

This Note presents an overview of the Group's investments in concession businesses, which are recognised under various headings on the asset side of the accompanying consolidated balance sheet.

The following table includes the total amount of the assets held by the Group companies under service concession arrangements and recognised under "Intangible Assets", "Non-Current Financial Assets", "Current Financial Assets" and "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheets as at 31 December 2015 and 2014.

	Intangible assets	Financial assets	Joint ventures - concession operators	Associates - concession operators	Total investment
2015					
Water services	1,420,527	26,114	43,126	91,585	1,581,352
Motorways and tunnels	409,138	—	9,053	(6,565)	411,626
Other	279,385	196,647	29,158	6,112	511,302
Total	**2,109,050**	**222,761**	**81,337**	**91,132**	**2,504,280**
Accumulated amortisation	(648,472)	—	—	—	(648,472)
Impairment losses	(56,959)	—	—	—	(56,959)
	1,403,619	**222,761**	**81,337**	**91,132**	**1,798,849**

	Intangible assets	Financial assets	Joint ventures - concession operators	Associates - concession operators	Total investment
2014					
Water services	1,391,327	30,524	43,645	95,752	1,561,248
Motorways and tunnels	417,613	—	7,502	41,442	466,557
Other	190,986	158,820	18,436	16,289	384,531
Total	**1,999,926**	**189,344**	**69,583**	**153,483**	**2,412,336**
Accumulated amortisation	(578,974)	—	—	—	(578,974)
Impairment losses	(54,705)	—	—	(54,000)	(108,705)
	1,366,247	**189,344**	**69,583**	**99,483**	**1,724,657**

Following is a detail of the main characteristics of the principal concession arrangements included in the three categories indicated above:

	Carrying amount at 31 December 2015			
	Intangible assets	Financial assets	Concession grantor	Collection mechanism
Water services	**825,271**	**26,114**		
Jerez de la Frontera (Cádiz, Spain)	90,912	—	Jerez de la Frontera Municipal Council	User - based on use
Adeje (Tenerife, Spain)	62,602	—	Adeje Municipal Council	User - based on use
Santander (Cantabria, Spain)	52,839	—	Santander Municipal Council	User - based on use
Lleida (Spain)	45,241	—	Lleida Municipal Council	User - based on use
Caltanisetta (Italy)	39,234	—	Consorzio Ambito Territoriale Ottimale	User - based on use
Vigo (Pontevedra, Spain)	30,640	—	Vigo Municipal Council	User - based on use
Badajoz (Spain)	30,555	—	Badajoz Municipal Council	User - based on use
Oviedo (Asturias, Spain)	25,254	—	Oviedo Municipal Council	User - based on use
Santa Eulalia water treatment plant (Ibiza, Spain)	—	26,114	Ministry of Agriculture and Environmental Affairs	Per desalinated cubic metre with guaranteed minimum amount
Other arrangements	447,994	—		
Motorways and tunnels	**340,337**	**—**		
Coatzacoalcos underwater tunnel (Mexico)	244,503	—	Government of the State of Veracruz	User-paid direct toll
Autovía Conquense (Spain)	95,834	—	Ministry of Public Works	Shadow toll
Other	**238,011**	**196,647**		
Buckinghamshire plant (UK)	168,624	69,292	Buckinghamshire County Council	Fixed amount plus variable amount per tonne
Campello plant (Alicante, Spain)	38,905	—	Autonomous Community of Valencia Consortium for Plan for Zone XV (Consorcio Plan Zonal XV de la Comunidad Valenciana)	Based on tonnes treated
RE3 plant (UK)	—	38,529	Reading, Bracknell Forest and Wokingham Councils	Fixed amount plus variable amount per tonne
Wrexham I plant (UK)	—	30,905	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Wrexham II plant (UK)	—	27,909	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Manises plant (Valencia, Spain)	—	27,235	Entidad Metropolitana para el Tratamiento de Residuos	Fixed amount plus variable amount per tonne
Other arrangements	30,482	2,777		
Total FCC Group	**1,403,619**	**222,761**		

	Carrying amount at 31 December 2014			
	Intangible assets	Financial assets	Concession grantor	Collection mechanism
Water services	**855,154**	**30,524**		
Jerez de la Frontera (Cádiz, Spain)	94,998	—	Jerez de la Frontera Municipal Council	User - based on use
Adeje (Tenerife, Spain)	68,834	—	Adeje Municipal Council	User - based on use
Santander (Cantabria, Spain)	56,304	—	Santander Municipal Council	User - based on use
Lleida (Spain)	47,347	—	Lleida Municipal Council	User - based on use
Vigo (Pontevedra, Spain)	36,712	—	Vigo Municipal Council	User - based on use
Badajoz (Spain)	31,640	—	Badajoz Municipal Council	User - based on use
Caltanisetta (Italy)	28,549	—	Consorzio Ambito Territoriale Ottimale	User - based on use
Oviedo (Asturias, Spain)	26,076	—	Oviedo Municipal Council	User - based on use
Santa Eulalia water treatment plant (Ibiza,Spain)	—	30,524	Ministry of Agriculture and Environmental Affairs	Per desalinated cubic metre with guaranteed minimum amount
Other arrangements	464,694	—		
Motorways and tunnels	**356,029**	**—**		
Coatzacoalcos underwater tunnel (Mexico)	255,230	—	Government of the State of Veracruz	User-paid direct toll
Autovía Conquense (Spain)	100,799	—	Ministry of Public Works	Shadow toll
Other	**155,064**	**158,820**		
Buckinghamshire plant (UK)	86,357	34,648	Buckinghamshire County Council	Fixed amount plus variable amount per tonne
Campello plant (Alicante, Spain)	40,955	—	Community of Valencia Consortium for Plan for Zone XV (Consorcio Plan Zonal XV de la Comunidad Valenciana)	Based on tonnes treated
RE3 plant (UK)	—	38,048	Reading, Bracknell Forest and Wokingham Councils	Fixed amount plus variable amount per tonne
Wrexham I plant (UK)	—	30,014	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Manises plant (Valencia, Spain)	—	28,188	Entidad Metropolitana para el Tratamiento de Residuos	Fixed amount plus variable amount per tonne
Wrexham II plant (UK)	—	24,469	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Other arrangements	27,752	3,453		
Total FCC Group	**1,366,247**	**189,344**		

"Water Services" activities are characterised by the high number of arrangements, the most significant of which are detailed in the foregoing table. The core activity covered by the arrangements is end-to-end water management, including the capture, transportation and treatment of water and its distribution to urban centres -using the distribution networks and complex drinking water treatment facilities- and also the capture and purification of waste water. This activity comprises both the construction and maintenance of water-supply and sewer networks, desalination plants and drinking water treatment and purification plants. Revenue is generally received on the basis of the customers' use of the service, although in exceptional cases, principally that of desalination plants, the concession grantor guarantees that the operator will receive a specified level of revenue. Accordingly, in most cases the cash flows depend on water consumption which, in general, remains constant over time. However, in order to ensure the recovery of the concession operator's investment, the arrangements normally include regular price revision clauses in which future prices are established on the basis of consumption in previous periods and other variables such as inflation. For the purpose of carrying on their activities, the concession operators either construct or are granted the right to use the distribution and sewer networks, as well as the complex drinking water treatment and purification facilities. Water service concessions are arranged for various different terms, up to a maximum of 75 years, and the facilities are handed over to the grantor at the end of the concession term for no consideration.

Since in substantially all of the fully consolidated arrangements the amount collected depends on the extent to which the service is used and since the amount is therefore variable, the demand risk is borne by the concession operator and the arrangements are accounted for as intangible assets. In some cases, including certain desalination plants, the amount collected depends on the volume of water effectively desalinated, and the grantor guarantees a minimum amount regardless of volume; accordingly, since the revenue collected is a fixed amount and the grantor therefore bears the demand risk, the aforementioned guaranteed amounts are accounted for as financial assets.

The core activity of the concessions belonging to the motorways and tunnels business is the management, promotion, development and operation of land transport infrastructure, mainly toll motorways and tunnels. This activity comprises both the construction and the subsequent upkeep and maintenance of the aforementioned infrastructure for a substantial concession term that can vary widely from 25 to 75 years. Revenue is normally received on the basis of traffic intensity through both the direct collection of tolls from drivers and a shadow toll. Accordingly, the cash flows vary in relation to traffic intensity and generally tend to increase as the concession term progresses and, therefore, as the concession operator bears the demand risk, they are accounted for as intangible assets. In certain cases, the cash receipts are fixed, either because payments are made for availability, i.e. when the operator receives a specified amount previously agreed with the grantor in exchange for making the infrastructure available, on the agreed terms, or because the concession grantor guarantees to pay the operator the shortfall between the toll revenue collected from users and a specified amount. In these cases, as the grantor bears the demand risk, they are accounted for as financial assets. The arrangements usually encompass both the construction or upgrade of the infrastructure for which the operator receives a right of use and the provision of maintenance services, and the infrastructure is handed over to the grantor at the end of its useful life, generally for no consideration. In certain cases the arrangements provide for consideration mechanisms, such as an extension of the concession term or an increase in the toll, that guarantee a minimum return for the concession operator.

"Other" includes mainly construction, operation and maintenance arrangements for waste treatment facilities in both Spain and the UK. The contracts include price revision clauses based on a number of variables such as inflation, energy costs and payroll costs. In order to classify the concession arrangements as intangible assets or financial assets, they were analysed to determine which party to the arrangement bears the demand risk. Arrangements in which the billings are determined solely on the basis of the volume of tonnes treated were accounted for using the intangible asset model, since the concession operator bears the demand risk.

In the case of the UK contracts in which collection is made in the form of a fixed amount and a variable amount based on the volume of tonnes treated, given that the latter is residual and the cost of the construction services is substantially covered by the fixed amount, the entire concession was considered as a financial asset, except in the case of the Buckinghamshire plant, in which the intangible component is very significant and which, therefore, is accounted for using the bifurcated model.

It should also be noted that under the concession arrangements the concession operators in which the Group holds ownership interests are obliged to purchase or construct, during the term of the related concession, property, plant and equipment items assigned to concessions amounting to EUR 68,360 thousand at 31 December 2015 (31 December 2014: EUR 76,720 thousand).

12. Investments Accounted for Using the Equity Method

"Investments Accounted for Using the Equity Method" includes the value of the investments in companies accounted for using the equity method and the long-term loans granted to such companies which, as indicated in Note 2-b, include joint ventures and associates, the detail being as follows:

	2015	2014
Joint ventures	**167,478**	**14,399**
Value of the investment	23,359	(7,466)
Loans	144,119	21,865
Associates	**419,489**	**225,405**
Value of the investment	253,329	131,990
Loans	166,160	93,415
	586,967	**239,804**

The changes in 2015 with respect to 2014 are due mainly, on the one hand, to the reclassification to "Non-Current Assets" of certain loans to companies accounted for using the equity method for an amount, net of impairment, of EUR 193,871 thousand (EUR 122,566 thousand relating to joint ventures and EUR 71,305 thousand relating to associates) which, at 31 December 2014, had been recognised under "Other Current Financial Assets" (see Note 14), since these loans were contributed in order to cover the cash shortfalls incurred by the investees in the performance of their activities and were therefore considered as current and, accordingly, the loans to those companies which the Group envisaged would not return the contributed funds at short term were transferred to "Non-Current Assets, as it was considered that the financing was structural in nature. Also, the Realia subgroup was reclassified as a continuing operation and was subsequently accounted for using the equity method and, therefore, in 2015 impairment of EUR 25,711 thousand was reversed in connection with the impairment recognised when the investment was classified as held for sale (see Note 28).

Following is a detail of the changes in the long-term loans included in the value of the investments in companies accounted for using the equity method:

	Balance at 31/12/13	Additions	Disposals	Translation differences and other changes	Balance at 31/12/14
Joint ventures	**28,920**	**638**	**(2,950)**	**(4,743)**	**21,865**
Aguas de Langreo, S.L.	5,914	—	—	(366)	5,548
Aguas de Ubrique, S.A.	5,182	—	—	(136)	5,046
Empresa Municipal Aguas de Benalmádena, S.A.	10,186	—	—	(2,438)	7,748
Other	7,638	638	(2,950)	(1,803)	3,523
Associates	**82,451**	**10,258**	**(1,074)**	**1,780**	**93,415**
Concessió Estacions Aeroport L9, S.A.	51,580	3,258	—	—	54,838
Cleon, S.A.	916	19	—	—	935
Aquos El Realito, S.A. de C.V.	9,863	1,340	—	116	11,319
Aguas del Puerto Empresa Municipal, S.A.	—	3,114	—	1,999	5,113
Other	20,092	2,527	(1,074)	(335)	21,210
	111,371	**10,896**	**(4,024)**	**(2,963)**	**115,280**

	Balance at 31/12/14	Additions	Disposals	Translation differences and other changes	Balance at 31/12/15
Joint ventures	**21,865**	**8,385**	**(2,652)**	**116,521**	**144,119**
OHL CO. Canada & FCC Canada Ltd. Partnership	—	4,615	—	59,316	63,931
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	—	1,086	(2,384)	39,730	38,432
Proyecto Front Marítim, S.L.	—	1,163	—	5,532	6,695
North Tunnels Canada Inc.	—	—	—	8,461	8,461
Aguas de Langreo, S.L.	5,548	—	—	(366)	5,182
Aguas de Ubrique, S.A.	5,046	—	—	(145)	4,901
Empresa Municipal Aguas de Benalmádena, S.A.	7,748	—	—	—	7,748
Other	3,523	1,521	(268)	3,993	8,769
Associates	**93,415**	**4,853**	**(1,781)**	**69,673**	**166,160**
Concessió Estacions Aeroport L9, S.A.	54,838	—	—	2,168	57,006
Construcción de Infraestructuras de Aguas de Potosí, S.A. de C.V.	—	387	—	10,748	11,135
N6 (Construction) Limited	—	—	—	41,797	41,797
Teide Gestión Sur, S.L.	—	—	—	10,563	10,563
Cleon, S.A.	935	19	—	6,931	7,885
Aquos El Realito, S.A. de C.V.	11,319	—	—	(3,482)	7,837
Aguas del Puerto Empresa Municipal, S.A.	5,113	4,000	—	(2,302)	6,811
Other	21,210	447	(1,781)	3,250	23,126
	115,280	**13,238**	**(4,433)**	**186,194**	**310,279**

a) Joint ventures

The breakdown of the joint ventures by company is presented in Appendix II to these consolidated financial statements.

The changes in 2015 and 2014 were as follows:

	Balance at 31/12/13	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31/12/14
Orasqualia for the Development of the Waste Treatment Plant, S.A.E.	16,878	1,523	—	—	—	—	1,813	7	20,221
Sociedad Concesionaria Tranvía de Murcia, S.A.	18,415	215	—	—	—	—	1	404	19,035
Mercia Waste Management, Ltd.	9,556	3,896	(3,319)	—	—	—	788	—	10,921
Zabalgarbi, S.A.	14,954	(1,065)	—	(423)	—	—	—	—	13,466
Atlas Gestión Medioambiental, S.A.	13,015	848	(721)	—	—	—	1	—	13,143
Empresa Municipal de Aguas de Benalmádena, S.A.	12,168	487	(617)	(54)	—	—	(1)	(2,438)	9,545
Ibisan Sociedad Concesionaria, S.A.	8,466	1,063	—	(2,027)	—	—	—	—	7,502
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	910	(44,558)	—	—	—	—	484	—	(43,164)
FCC-Connex Corporación, S.L.	12,464	—	—	—	—	(12,464)	—	—	—
Other	30,388	(3,373)	(3,532)	(133)	7	(6,025)	(48,574)	(5,028)	(36,270)
Total joint ventures	**137,214**	**(40,964)**	**(8,189)**	**(2,637)**	**7**	**(18,489)**	**(45,488)**	**(7,055)**	**14,399**

	Balance at 31/12/14	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31/12/15
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	20,221	1,984	(2,714)	—	—	—	360	1	19,852
Sociedad Concesionaria Tranvía de Murcia, S.A.	19,035	(222)	—	—	—	—	—	384	19,197
Mercia Waste Management Ltd.	10,921	3,324	—	(55)	—	—	614	—	14,804
Zabalgarbi, S.A.	13,466	584	—	(118)	—	—	(1)	—	13,931
Atlas Gestión Medioambiental, S.A.	13,143	358	(596)	—	—	—	—	—	12,905
Empresa Municipal de Aguas de Benalmádena, S.A.	9,545	625	(497)	10	—	—	1	—	9,684
Ibisan Sociedad Concesionaria, S.A.	7,502	880	—	671	—	—	—	—	9,053
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	(43,164)	9,929	—	—	—	—	1,731	38,432	6,928
Other	(36,270)	(7,015)	(1,762)	(149)	—	302	22,581	83,437	61,124
Total joint ventures	**14,399**	**10,447**	**(5,569)**	**359**	**—**	**302**	**25,286**	**122,254**	**167,478**

Worthy of note in the foregoing table is the result contributed by Constructora Nuevo Necaxa Tihuatlan, S.A. de C.V., amounting to EUR 9,929 thousand, attributable mainly to the partial reversal of impairment losses on work performed yet to be accepted by the customer, since negotiations have progressed and its collection is deemed likely (in 2014 it contributed losses of EUR 44,558 thousand, due mainly to the recognition of the aforementioned impairment loss).

Following are the main aggregates in the financial statements of the joint ventures, in proportion to the percentage of ownership held therein, at 31 December 2015 and 2014:

	2015	2014
Non-current assets	405,654	369,102
Current assets	601,340	237,599
Non-current liabilities	415,645	260,647
Current liabilities	593,699	364,881
Profit or loss		
Revenue	494,097	270,262
Profit (Loss) from operations	38,196	(40,774)
Profit (Loss) before tax	19,489	(56,772)
Profit (Loss) attributable to the Parent	10,447	(40,964)

The core activities carried on by the joint ventures consist of the operation of concessions relating to, inter alia, motorways, end-to-end water management, urban waste handling activities, tunnels and passenger transport.

Guarantees amounting to EUR 24,019 thousand (2014: EUR 32,287 thousand) have been provided, mostly to Government Agencies and private customers, for joint ventures owned jointly with non-FCC Group third parties, as security for the performance bonds in the Group's various business areas. There are no significant obligations or other contingent liabilities relating to joint ventures.

The joint ventures which the Group accounts for using the equity method are generally public and private limited liability companies and, accordingly, as they are joint ventures, distributions of funds to their respective parents requires the consent of the other venturers that exercise joint control in accordance with the mechanisms established by their company resolutions.

b) Associates

The detail of the associates accounted for using the equity method is presented in Appendix III to these consolidated financial statements.

The changes in 2015 and 2014 were as follows:

	Balance at 31/12/13	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31/12/14
Realia Business Group	—	(35,807)	—	4,858	—	—	85,386	—	54,437
Concessió Estacions Aeroport L9, S.A.	60,802	10,914	(4,640)	(51,583)	—	—	(2)	3,258	18,749
Cleon, S.A.	25,649	(11)	—	—	—	—	(1)	19	25,656
Shariket Tahlya Miyah Mostaganem, SpA	24,841	3,374	—	—	—	—	267	—	28,482
Cedinsa Group	32,281	475	(3,128)	10,787	—	—	14	—	40,429
Metro de Lima Línea 2, S.A.	—	—	—	—	8,583	—	(236)	—	8,347
Metro de Málaga, S.A.	13,672	—	—	—	—	—	—	—	13,672
Aquos El Realito, S.A. de C.V.	14,242	810	—	(491)	—	—	47	1,456	16,064
Suministro de Agua de Querétaro, S.A. de C.V.	10,564	1,417	(1,177)	—	—	—	118	—	10,922
Aguas del Puerto Empresa Municipal, S.A.	—	(365)	—	—	4,295	—	—	5,113	9,043
Shariket Miyeh Ras Djinet, SpA	9,872	1,085	—	—	—	—	106	—	11,063
Lázaro Echevarría, S.A.	9,581	200	—	(7)	—	—	(1)	—	9,773
Tirme Group	11,663	2,762	(1,176)	—	—	—	(234)	—	13,015
.A.S.A. Group	5,818	786	(584)	—	—	—	(44)	—	5,976
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,986	74	(300)	—	—	—	—	—	5,760
Aigües del Segarra Garrigues, S.A.	5,308	480	—	—	—	—	203	—	5,991
N6 (Construction) Limited	(38,733)	216	—	—	—	—	—	—	(38,517)
Other	43,066	(34,722)	(2,112)	(5,971)	1,376	(4,492)	(11,720)	1,118	(13,457)
Total associates	**234,612**	**(48,312)**	**(13,117)**	**(42,407)**	**14,254**	**(4,492)**	**73,903**	**10,964**	**225,405**

	Balance at 31/12/14	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans Granted	Balance at 31/12/15
Realia Business Group	54,437	23,600	517	—	32,880	—	8,755	—	120,189
Concessió Estacions Aeroport L9, S.A.	18,749	11,169	—	12,080	(40,158)	36,088	1	2,168	40,097
Cleon, S.A.	25,656	227	—	—	—	—	—	6,950	32,833
Shariket Tahlya Miyah Mostaganem, SpA	28,482	2,299	—	—	—	—	(2,691)	—	28,090
Cedinsa Group	40,429	4,246	2,423	(17,491)	22,619	(38,654)	7,092	—	20,664
Metro de Lima Línea 2, S.A.	8,347	—	—	—	18,699	(8,347)	(1,286)	—	17,413
Metro de Málaga, S.A.	13,672	—	—	—	—	—	1	—	13,673
Aquos El Realito, S.A. de C.V.	16,064	9	—	421	—	—	(266)	(3,482)	12,746
Suministro de Agua de Querétaro, S.A. de C.V.	10,922	1,657	(836)	—	—	—	(724)	—	11,019
Aguas del Puerto Empresa Municipal, S.A.	9,043	(487)	—	365	—	—	—	1,698	10,619
Shariket Miyeh Ras Djinet, SpA	11,063	325	—	—	—	—	(1,017)	—	10,371
Lázaro Echevarría, S.A.	9,773	(84)	—	34	—	(400)	(1)	—	9,322
Tirme Group	13,015	2,353	(7,009)	—	—	—	(1)	—	8,358
.A.S.A. Group	5,976	848	(941)	(74)	—	—	(29)	—	5,780
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,760	115	(150)	—	—	—	—	—	5,725
Aigües del Segarra Garrigues, S.A.	5,991	1,000	(1,283)	—	—	—	1	—	5,709
N6 (Construction) Limited	(38,517)	100	—	—	—	—	1	41,797	3,381
Other	(13,457)	(21,612)	(4,681)	(906)	4,442	(7,662)	83,762	23,614	63,500
Total associates	**225,405**	**25,765**	**(11,960)**	**(5,571)**	**38,482**	**(18,975)**	**93,598**	**72,745**	**419,489**

Worthy of note in relation to the result for the year in the foregoing table is the result arising mainly from the reversal of the impairment loss on the Realia Business Group amounting to EUR 25,711 thousand, as it was determined that the recoverable amount of the ownership interest, taken as the higher of its value in use and its fair value, exceeded its carrying amount.

It should be noted that the FCC Group subscribed 56,689,080 shares in the capital increase performed by Realia Business, S.A. for a total of EUR 32,880 thousand in the pre-emptive subscription process that ended on 30 December 2015. Since, in accordance with the terms and conditions of the aforementioned capital increase, the subscribed amount is claimable from the moment of subscription, a EUR 32,880 thousand increase in the value of the investment was recognised, and the same amount was recognised under "Other Current Financial Liabilities", as the payment remained outstanding at 31 December 2015.

Worthy of note in 2014 were: the transfer from "Non-Current Assets Classified as Held for Sale" of the ownership interest in Realia Business, since in 2014 the Group decided not to sell it; the recognition of an impairment loss on the ownership interest in Realia Business, S.A. amounting to EUR 21,069 thousand; and the recognition of an impairment loss on the Construction Area amounting to EUR 40,500 thousand.

The detail of the assets, liabilities, revenue and results for 2015 and 2014 of the associates, in proportion to the percentage of ownership held in each associate, is as follows:

	2015	2014
Non-current assets	1,416,375	1,862,974
Current assets	328,945	776,534
Non-current liabilities	1,462,551	1,899,066
Current liabilities	224,602	536,639
Revenue	276,666	314,064
Profit (Loss) from operations	49,702	73,437
Profit (Loss) before tax	33,165	(42,115)
Profit (Loss) attributable to the Parent	25,765	(48,312)

It should be noted that the value of the ownership interest in the Realia Business Group, based on its market value at 31 December 2015, amounted to EUR 86,167 thousand, not including the amount corresponding to the shares subscribed in the capital increase, since they were still not listed at 31 December 2015 (31 December: EUR 57,823 thousand) and that no dividends were distributed in 2015 or 2014. Following, due to its importance, is the summarised financial information of the Realia Group at 31 December 2015 and 2014, after uniformity adjustments to bring it into line with the accounting policies applied by the Group (the investments in the Realia Group is accounted for using the equity method):

Balance sheet

	2015	2014
Non-current assets	**1,063,120**	**1,074,601**
Current assets	**706,626**	**1,067,396**
Cash and cash equivalents	183,870	617,545
Other current assets	522,756	449,851
Total assets	**1,769,746**	**2,141,997**
Share capital	**386,172**	**301,570**
Reserves	**250,556**	**165,219**
Treasury shares	110,580	73,769
Profit (Loss) attributable to the Parent	147,197	133,899
Valuation adjustments	(675)	(675)
Resultado Sociedad Dominante	(5,724)	(39,614)
Ajustes por cambio de valor	(822)	(2,160)
Non-controlling interests	**135,616**	**136,351**
Non-current liabilities	**801,152**	**1,495,978**
Non-current financial liabilities	761,663	1,456,245
Other non-current liabilities	39,489	39,733
Current liabilities	**582,422**	**344,449**
Non-current financial liabilities	558,565	317,006
Other non-current liabilities	23,857	27,443
Total equity and liabilities	**1,769,746**	**2,141,997**

Statement of profit or loss

	2015	2014
Revenue	**75,983**	**97,631**
Other income	**18,831**	**17,716**
Operating expenses	(59,033)	(79,175)
Depreciation and amortisation charge	(14,459)	(15,527)
Other income and expenses	(18)	(22)
Profit (Loss) from operations	**21,304**	**20,623**
Finance income	5,306	5,054
Finance costs	(24,778)	(43,583)
Other net finance income and costs	37	(1,137)
Financial profit (loss)	**(19,435)**	**(39,666)**
Result of companies accounted for using the equity method	975	(395)
Net impairment on non-current assets	553	5,049
Profit (Loss) before tax from continuing operations	**3,397**	**(14,389)**
Income tax	(4,433)	(23,800)
Profit (Loss) for the year from continuing operations	**(1,036)**	**(38,189)**
Profit (Loss) from discontinued operations	–	1,805
Profit (loss) for the year	**(1,036)**	**(36,384)**
Profit (Loss) attributable to the Parent	(5,724)	(39,614)
Profit (Loss) attributable to non-controlling interests	4,688	3,230

It should be no ted that uniformity adjustments were made to the foregoing financial statements of the Realia Group in order to account for it using the equity method in these consolidated financial statements, since the Realia Group applies the option allowed under IAS 40 "Investment Property" of measuring its investment property at fair value, an accounting policy not applied by the FCC Group.

13. Joint Arrangements. Joint Operations

As indicated in Note 2-b, in the section entitled “Joint ventures”, the Group companies undertake certain of their business activities by participating in contracts that are operated jointly with other non-Group venturers, mainly through unincorporated temporary joint ventures and other similar entities; these contracts were proportionately consolidated in the accompanying consolidated financial statements.

Following are the main aggregates of the joint arrangements included in the various line items in the accompanying consolidated balance sheet and consolidated statement of profit or loss, in proportion to the ownership interest held therein, at 31 December 2015 and 2014.

	2015	2014
Non-current assets	209,626	151,783
Current assets	2,031,825	1,154,668
Non-current liabilities	70,095	53,010
Current liabilities	2,023,771	1,225,749
Profit or loss		
Revenue	1,584,671	883,693
Gross profit (loss) from operations	184,252	116,630
Net profit (Loss) from operations	148,658	87,476

At 2015 year-end the property, plant and equipment purchase commitments entered into directly by the joint arrangements amounted to EUR 4,106 thousand (2014: EUR 11,372 thousand), calculated on the basis of the percentage of ownership of the Group companies.

The arrangements managed through unincorporated temporary joint ventures, silent partnerships and other similar entities require the venturers to share joint and several liability for the business activity carried on.

Guarantees amounting to EUR 1,690,424 thousand (2014: EUR 1,285,413 thousand) were provided, mostly to Government Agencies and private customers, for joint arrangements managed jointly with non-Group third parties as performance bonds for construction projects and urban cleaning contracts.

14. Non-Current Financial Assets and Other Current Financial Assets

The breakdown of the most significant items under "Non-Current Financial Assets" and "Other Current Financial Assets" in the accompanying consolidated balance sheet is as follows:

a) Non-current financial assets

The detail of the non-current financial assets at 31 December 2015 and 2014 is as follows:

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2015						
Equity instruments	–	44,101	–	–	–	44,101
Debt securities	–	–	–	853	–	853
Derivatives	1,816	–	–	–	281	2,097
Other financial assets	4,431	–	340,500	780	–	345,711
	6,247	**44,101**	**340,500**	**1,633**	**281**	**392,762**
2014						
Equity instruments	–	44,171	–	–	–	44,171
Debt securities	–	–	–	697	–	697
Derivatives	1,820	–	–	–	1,266	3,086
Other financial assets	6,610	–	372,110	–	–	378,720
	8,430	**44,171**	**372,110**	**697**	**1,266**	**426,674**

a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2015 and 2014:

	Effective percentage of ownership	Fair value
2015		
Ownership interests of 5% or more:		
World Trade Center Barcelona, S.A.	16.52%	6,036
Vertederos de Residuos, S.A.	16.03%	10,817
Consorcio Traza, S.A.	16.60%	8,624
Other		5,246
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44%	11,215
Other		2,163
		44,101
2014		
Ownership interests of 5% or more:		
World Trade Center Barcelona, S.A.	16.52%	6,036
Vertederos de Residuos, S.A.	16.03%	9,128
Consorcio Traza, S.A.	16.60%	8,624
Other		6,856
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44%	11,215
Other		2,312
		44,171

It should be noted that at 31 December 2015 Fomento de Construcciones y Contratas, S.A. had granted loans to Xfera Móviles, S.A. totalling EUR 24,114 thousand (2014: same amount) and had provided guarantees for it amounting to EUR 12,384 thousand (2014: same amount). Group management considers that the carrying amount of the assets relating to Xfera Móviles, S.A. is representative of their fair value.

a.2) Loans and receivables

The scheduled maturities of the loans and accounts receivable by the Group companies from third parties are as follows:

	2017	2018	2019	2020	2021 and subsequent years	Total
Deposits and guarantees	5,838	805	53	325	42,474	49,495
Non-trade loans	44,728	20,005	7,779	7,244	84,153	163,909
Non-current collection rights - concession arrangement (Notes 3-a and 11)	12,738	13,004	13,798	14,406	73,150	127,096
	63,304	**33,814**	**21,630**	**21,975**	**199,777**	**340,500**

The non-trade loans include mainly the amounts granted to Government Agencies for the refinancing of debt in the water service and urban cleaning businesses, which earn interest at market rates, in addition to the loans granted to Xfera Móviles, S.A. referred to in the preceding section. In 2015 there were no events that raised doubts concerning the recovery of these collection rights.

The deposits and guarantees relate basically to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease security deposits, etc.

b) Other current financial assets

The detail of "Other Current Financial Assets" at 31 December 2015 and 2014 is as follows:

	Financial assets at fair value through profit or loss	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2015					
Equity instruments	48	—	—	—	48
Debt securities	—	—	50	—	50
Derivatives	—	—	—	—	—
Deposits and guarantees given	—	46,650	—	—	46,650
Other financial assets	—	177,738	6,190	—	183,928
	48	**224,388**	**6,240**	**—**	**230,676**
2014					
Equity instruments	50	—	—	—	50
Debt securities	—	—	74	—	74
Derivatives	—	—	—	—	—
Deposits and guarantees given	—	58,915	—	—	58,915
Other financial assets	—	314,820	6,539	—	321,359
	50	**373,735**	**6,613**	**—**	**380,398**

"Other Current Financial Assets" in the accompanying consolidated balance sheet includes current financial assets which, maturing at more than three months in order to cater for certain specific cash situations, are classified as held-for-trading financial assets, held-to-maturity investments or loans and receivables, based on the initial nature of the investments. "Loans and Receivables" consists mainly of loans granted to, and other receivables from, joint ventures and associates amounting to EUR 23,517 thousand (2014: EUR 228,807 thousand), loans to third parties amounting to EUR 43,334 thousand (2014: EUR 44,993 thousand), deposits at banks amounting to EUR 11,755 thousand (2014: EUR 18,054 thousand) and accounts receivable for concession services (financial asset model) amounting to EUR 98,224 thousand (2014: EUR 17,879 thousand).

The average rate of return obtained in this connection is the market return according to the term of each investment.

15. Inventories

The detail of "Inventories" at 31 December 2015 and 2014 is as follows:

	2015		2014	
Property assets		307,592		337,953
Raw materials and other supplies		223,546		277,367
Construction	89,566		154,652	
Cement	98,475		87,915	
End-to-End Water Management	11,521		12,529	
Environmental Services	19,278		22,271	
Corporate	4,706		—	
Finished goods		20,006		22,171
Advances		97,495		123,090
		648,639		**760,581**

"Property Assets" includes building lots earmarked for sale that were acquired by the FCC Construcción Group mainly in exchange for completed or outstanding construction work. This heading also includes "Property Assets" in progress for which there are sale commitments representing a final value on delivery to customers of EUR 2,210 thousand (2014: EUR 14,368 thousand). The advances paid by certain customers for the aforementioned "property assets" are secured by insurance contracts or bank guarantees, pursuant to the requirements of Law 57/1968, of 27 July, as amended by Law 38/1999, of 5 November. The detail of the main unsold real estate products in the Corporate Area is as follows:

	2015	2014
Properties in Tres Cantos (Madrid)	120,605	109,460
Properties in Sant Joan Despí (Barcelona)	41,840	43,820
Properties in Badalona (Barcelona)	12,939	13,236
Residential development - Pino Montano (Sevilla)	12,601	14,055
Las Mercedes property (Madrid)	10,627	—
Residential development - Vitoria (Álava)	5,345	7,037
Atlético de Madrid land lots (Madrid)	—	58,506
Other properties and developments	103,635	91,839
	307,592	**337,953**

The real estate inventories were measured mainly based on end market references, calculating the terminal value of the land with respect to its current market value where the inventories are located. Where purchase offers have been received, the price of such offers was used for their measurement and, ultimately, when it was impossible to use that methodology, the exit price in the auctions held by the Bank Restructuring Asset Management Company (SAREB) was used as a reference.

Worthy of note in the foregoing table is the disposal of the Atlético de Madrid land lots as a result of the termination of the Mahou-Vicente Calderón development use sale and purchase agreement, under which it was planned to build the "Estadio de Madrid" (new Atlético de Madrid stadium) in exchange for development rights. In the last quarter of 2015 the construction contract for the stadium was novated; therefore payment for the work will not be made in development use units (see Note 28).

In relation to the properties in Tres Cantos, it should be pointed out that this is an asset under development and, depending on the costs which may be incurred, the contractual obligations and the evolution of prices in the future, impairment may occur in future years. However, the Group considers that given the current performance of the property market there is no impairment at present.

A real estate inventory write-down of EUR 4,958 thousand was recognised in 2015 (2014: EUR 16,305 thousand), and the total accumulated write-down amounted to EUR 180,127 thousand (31 December 2014: EUR 178,034 thousand).

Certain of the aforementioned “property assets” have been pledged as the required security for the deferred payment of taxes and social security contributions authorised by the Public Authorities, as indicated in Notes 22 and 23 to these consolidated financial statements.

At 2015 year-end there were no significant property asset purchase commitments.

“Raw Materials and Other Supplies” includes the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, replacement parts, fuel and other materials required to carry on the business activities.

At 31 December 2015, there were no material differences between the fair value and the carrying amount of the assets recognised.

16. Trade and Other Receivables

a) Trade receivables for sales and services

"Trade Receivables for Sales and Services" in the accompanying consolidated balance sheet includes the present value of revenue receivable, measured as indicated in Note 3-s, contributed by the various activities of the Group and which are the basis of the result from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2015 and 2014 is as follows:

	2015	2014
Progress billings receivable and trade receivables for sales	1,143,528	1,219,271
Amounts to be billed for work performed	526,143	674,972
Retentions	39,631	33,633
Production billed to associates and jointly controlled entities	62,464	83,158
Trade receivables for sales and services	1,771,766	2,011,034
Advances received on orders (Note 23)	(729,067)	(755,516)
Total net balance of trade receivables for sales and services	**1,042,699**	**1,255,518**

The foregoing total is the net balance of trade receivables, after considering the adjustments for the risk of doubtful debts amounting to EUR 388,436 thousand (31 December 2014: EUR 394,349 thousand) and after deducting the balance of “Trade and Other Payables - Advances Received on Orders” on the liability side of the accompanying consolidated balance sheet. This item also includes the amounts of progress billings in various connections, irrespective of whether or not they have been collected.

The detail of the past due trade receivables is as follows:

	2015	2014
Construction	112,480	122,216
Environmental Services	324,551	282,374
Aqualia	53,884	58,800
Central Services	10,835	10,835
Total	**501,750**	**474,225**

It should be noted that the foregoing amounts constitute all of the Group's past due financial assets, as there are no significant past due financial receivables. All matured balances that have not been settled by the counterparty are considered to be past due; however, it should be taken into account that in view of the different characteristics of the various industries in which the FCC Group operates, although certain assets are past due, there is no default risk, mainly in the Environmental Services industry, as most of its customers are public-sector customers from which the corresponding late-payment interest arising from collection delays may be claimed.

The following should be noted, by activity, in relation to the balances included in the foregoing table:

- Construction: Given the nature of the business and the fact that in certain construction contracts a long period of negotiation may take place between the date of initial billing to that of final acceptance by the customer, the foregoing balances include trade receivables that should have been collected in the period from the third quarter of 2009 to the second half of 2014.
- Environmental Services: In general, except in the case of certain receivables from Spanish Municipal Councils, there are no significant balances more than one year old which have not been written down. In some specific cases the balances are more than one year old and have not been written down, for example because the collection right is included in the 2015 financial restructuring fund in Spain.
- Aqualia: In the Water activity, there are no significant trade receivable balances that are more than two years old; 50% of the balances shown in the table above are less than six months old.

"Progress Billings Receivable and Trade Receivables for Sales" reflects the amount of the progress billings to customers for completed work amounting to EUR 258,947 thousand and services amounting to EUR 267,196 thousand, not yet collected as at the consolidated balance sheet date. In general, there are no lawsuits relating to the work that remains to be performed.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured as explained in Note 3-s, and the amount of the progress billings up to the date of the consolidated financial statements is included under "Amounts to Be Billed for Work Performed".

At 2015 year-end trade receivables amounting to EUR 108,244 thousand had been factored to financial institutions without recourse against the Group companies in the event of default (31 December 2014: EUR 161,611 thousand). This amount was deducted from the balance of "Progress Billings Receivable and Trade Receivables for Sales". Also, the Group sold EUR 19,611 thousand of future collection rights arising from construction contracts awarded under the "lump-sum payment" system (31 December 2014: EUR 34,994 thousand). This amount was deducted from the balance of "Amounts to Be Billed for Work Performed".

b) Other accounts receivable

The detail of "Other Receivables" at 31 December 2015 and 2014 is as follows:

	2015	2014
Public Administrations - VAT refundable (Note 25)	94,564	94,871
Public Administrations - Other tax receivables (Note 25)	49,496	79,716
Other receivables	176,494	194,411
Advances and loans to employees	5,097	4,730
Current tax assets (Note 25)	31,564	14,308
Total other receivables	**357,215**	**388,036**

17. Cash and Cash Equivalents

Until the financing agreement of FCC, S.A. came into effect in June 2014, cash management was aimed at being fully optimised, retaining as few available funds as possible in bank accounts in order to repay working capital financing lines.

However, the signing of the syndicated agreement gave rise to the repayment of all the bilateral financing lines of the consolidated companies, with the undrawn balances included in cash. In other words, working capital needs started to be managed using cash and not credit facilities. The cash of the directly- or indirectly-controlled subsidiaries is managed on a centralised basis. The cash positions of these investees flow to the Parent for their optimisation.

"Cash and Cash Equivalents" includes the Group's cash and short-term bank deposits with an initial maturity of three months or less. In both 2015 and 2014 these balances earned interest at market rates.

The detail, by currency, of cash and cash equivalents in 2015 and 2014 is as follows:

	2015	2014
Euro	690,158	980,950
US dollar	314,226	221,410
Pound sterling	177,887	198,080
Czech koruna	25,454	17,288
Other European currencies	23,175	15,166
Latin America (various currencies)	45,267	28,271
Other	69,348	75,983
Total	**1,345,515**	**1,537,148**

18. Equity

The accompanying consolidated statements of changes in equity for the years ended 31 December 2015 and 2014 show the changes in equity attributable to the shareholders of the Parent and to the non-controlling interests in those years.

I. Equity attributable to the Parent

On 17 December 2015, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to carry out, in the framework of the authorisation granted by the shareholders at the Annual General Meeting held on 25 June 2015 (up to 50% increase) a capital increase with monetary contributions for a total effective amount of EUR 709,518,762 by issuing 118,253,127 new ordinary shares of EUR 1 par value each and with a share premium of EUR 5 each, totalling EUR 6 per share. There will be a pre-emption right on the new shares.

The reference shareholders, Ms Esther Koplowitz Romero de Juseu and Inversora Carso, S.A. de C.V. have undertaken to the Board of Directors to subscribe all of the shares corresponding to them in the exercise of their pre-emption right. Inversora Carso, S.A. de C.V. also undertook to subscribe the excess shares if, on expiry of the pre-emption right period and the additional allocation period, there were any unsubscribed shares remaining.

The main objectives of the capital increase are the reinforcement of the Company's equity structure and the reduction of the level of indebtedness, in such a way that the proceeds obtained are allocated to: the repurchase at a discount of at least 15% of the debt corresponding to Tranche B of the Financing Agreement; the provision of financial support for its subsidiary Cementos Portland Valderrivas, S.A.; and attending to general corporate needs, including the exercise of the pre-emption right in the capital increase at Realia Business, S.A.

Subsequently, on 9 February 2016 the Spanish National Securities Market Commission (CNMV) approved the "Securities Note" containing the terms and conditions of the capital increase (see Note 34).

On 27 November 2014, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to increase capital by a par value of EUR 133,269,083 by issuing 133,269,083 new ordinary shares of EUR 1 par value each, which were admitted to listing on the Spanish Stock Market Interconnection System on 22 December 2014. Capital was increased with a share premium of EUR 6.5 for each of the new shares issued, which resulted in an increase of EUR 841,749 thousand in the total share premium, including the expenses, net of tax, incurred in the capital increase, which amounted to EUR 24,500 thousand.

The funds obtained through the capital increase were used partially to repay the debt relating to Tranche B of the financial borrowings of Fomento de Construcciones y Contratas, S.A. regulated in the refinancing agreement in force from 26 June 2014 amounting to EUR 900,000 thousand, after a 15% debt reduction granted by the lender banks amounting to EUR 135,000 thousand. In addition, in December 2014 EUR 100,000 thousand were used to repay the debt to Azincourt Investment, S.L. and another EUR 100,000 thousand were used to repay the debt to Cementos Portland Valderrivas, S.A. arising from the financial support agreement entered into between Fomento de Construcciones y Contratas, S.A. and its creditor banks. This latest contribution to Cementos Portland Valderrivas, S.A. was paid in February 2015.

The impact of the capital increase on the equity of the FCC Group at 31 December 2014 is detailed in the following table:

Share capital	133,269
Share capital	**133,269**
Increase in share premium	866,249
Expenses incurred in the capital increase, net of tax	(24,500)
Retained earnings and other reserves	**841,749**
Finance income arising from debt reduction (Note 28-f)	135,000
Initial arrangement fees recognised in the consolidated statement of profit or loss (Note 28-f)	(35,114)
Tax effect	(29,966)
Profit (Loss) for the year attributable to the Parent	**69,920**
Total effect on equity at 31 December 2014	**1,044,938**

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 260,572,379 book-entry ordinary shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index, are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish Stock Market Interconnection System.

With regard to share capital of over 10% owned by other companies either directly or through their subsidiaries, according to information furnished, Inversora Carso, S.A. de C.V., which is in turn controlled by the Slim family, had a 27.43% ownership interest in the share capital directly or indirectly at the date of authorisation for issue of these consolidated financial statements. Samede Inversiones 2010, S.L.U. also has an indirect ownership interest of 22.45% in the share capital. The aforementioned Samede Inversiones 2010, S.L.U. is controlled by Ms Esther Koplowitz Romero de Juseu (100%).

Ms Esther Koplowitz Romero de Juseu also directly owns 123,313 shares of Fomento de Construcciones y Contratas, S.A.

On 27 November 2014, the two main shareholders signed the "Investment Agreement" whereby both parties undertook not to increase their individual ownership interest in Fomento de Construcciones y Contratas, S.A. to above 29.99% of the voting share capital for a period of four years. Subsequently, on 5 February 2016 the aforementioned shareholders signed the "Novation of the Investment Agreement", under which the limit on exceeding the ownership interest of 29.99% was suppressed and certain agreements in relation to the Parent's corporate governance were amended (see Note 34).

b) Retained earnings and other reserves

The breakdown of "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheets as at 31 December 2015 and 2014 is as follows:

	2015	2014
Reserves of the Parent	(54,664)	853,827
Consolidation reserves	356,006	172,461
	301,342	**1,026,288**

b.1) Reserves of the Parent

"Reserves of the Parent" relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, arising mainly from retained earnings and, where appropriate, from compliance with the applicable legislation.

The detail at 31 December 2015 and 2014 is as follows:

	2015	2014
Share premium	1,083,882	1,083,882
Legal reserve	26,114	26,114
Reserve for retired capital	6,034	6,034
Voluntary reserves	(1,170,694)	(262,203)
	(54,664)	**853,827**

Share premium

The Consolidated Text of the Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

Under the Consolidated Text of the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Reserve for retired capital

This reserve includes the par value of the treasury shares retired in 2002 and 2008 with a charge to unrestricted reserves, in accordance with Article 335.c of the Spanish Limited Liability Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

Voluntary reserves

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent's profit following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

b.2) Consolidation reserves

"Consolidation Reserves" in the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the business areas since their inclusion in the Group. In accordance with IAS 27 "Separate Financial Statements", it also includes those arising from changes in the ownership interests in Group companies, where control is retained, for the difference between the amount of the further acquisition or sale and the carrying amount of the ownership interest. Also, in accordance with IAS 19 "Employee Benefits", "Consolidation Reserves" includes the actuarial gains and losses on pension plans and other employee benefit obligations. The detail of "Consolidation Reserves" at 31 December 2015 and 2014 is as follows:

	2015	2014
Environmental Services	69,296	114,199
Water	433,357	425,644
Construction	(182,272)	(327,680)
Cement	148,963	172,707
Corporate	(113,338)	(212,409)
	356,006	**172,461**

In 2014 Cementos Portland Valderrivas converted the participating loan from Fomento de Construcciones y Contratas, S.A. plus the related accrued interest into capital. This resulted in 7.78% increase in the FCC Group's effective percentage of ownership in Cementos Portland Valderrivas. This change in ownership interest resulted in an increase of EUR 22,368 thousand in the consolidation reserves of the FCC Group and a decrease of the same amount in "Non-Controlling Interests".

c) Treasury shares

“Treasury Shares” includes the shares of the Parent owned by it or by other Group companies, measured at acquisition cost.

The Board of Directors and the subsidiaries were authorised by the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. to de rivatively acquire treasury shares, with the limits and in accordance with the requirements of Article 144 et seq. of the Spanish Limited Liability Companies Law.

The changes in treasury shares in 2015 and 2014 were as follows:

Balance at 31 December 2013	**(6,103)**
Sales	141,800
Acquisitions	(140,975)
Balance at 31 December 2014	**(5,278)**
Sales	179,220
Acquisitions	(179,444)
Balance at 31 December 2015	**(5,502)**

The detail of the treasury shares at 31 December 2015 and 2014 is as follows:

	2015		2014	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	415,500	(5,502)	232,747	(5,278)
Total	**415,500**	**(5,502)**	**232,747**	**(5,278)**

At 31 December 2015, the shares of the Parent owned by it or by its subsidiaries represented 0.16% of the share capital (31 December 2014: 0.09%).

d) Other equity instruments

This heading includes, in accordance with IAS 32 "Financial Instruments: Presentation", the measurement of the equity component resulting from accounting for the issue of bonds convertible into shares of the Company.

In October 2009 Fomento de Construcciones y Contratas, S.A. launched an issue of bonds exchangeable for shares of the Company, maturing on 30 October 2014. Certain terms and conditions were amended and approved by the General Assembly of the Syndicate of Bondholders on 5 May 2014 and by the shareholders at the Company's Annual General Meeting on 23 June 2014. The main features following the amendments are as follows:

- The amount of the issue was EUR 450,000 thousand with final maturity on 30 October 2020.

  On 12 May 2014, EUR 200 thousand of bonds were converted into 5,284 treasury shares of the Company.
- The bonds were issued at par with a face value of EUR 50 thousand.
- The bonds bear interest at a fixed annual rate of 6.50% payable every six months.
- The price for which the bonds could be exchanged for shares of the Company was adjusted and set at EUR 30.00 per ordinary share, resulting in each nominal amount of EUR 50,000 in bonds entitling the owner to receive 1,666.66 ordinary shares. Subsequently, and as a result of the dilution arising from the capital increase, the conversion price was adjusted to EUR 22.19 per ordinary share, effective from 1 December 2014, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,253.27 ordinary shares.
- The entitlement to convert the bonds may be exercised at the request of each of the holders, at any time until 30 October 2020, pursuant to the terms and conditions of the bonds.
- A new case of optional repayment for the issuer from 30 October 2018 is included.
- Following the restructuring, the convertible bonds are no longer subordinated.

It should also be noted in relation to this transaction that the Group has a trigger call option that allows it to redeem the bonds, valued at EUR 1,816 thousand at 31 December 2015 (31 December 2014: 1,820 thousand), under certain circumstances.

e) Valuation adjustments

The detail of "Valuation Adjustments" in the accompanying consolidated balance sheets as at 31 December 2015 and 2014 is as follows:

	2015	2014
Changes in fair value of financial instruments	(237,595)	(244,059)
Translation differences	(27,371)	(77,126)
	(264,966)	**(321,185)**

e.1) Changes in fair value of financial instruments:

"Changes in Fair Value of Financial Instruments" includes the changes, net of taxes, in the fair value of available-for-sale financial assets (see Note 14) and of cash flow hedging derivatives (see Note 24).

The detail of the adjustments due to changes in the fair value of financial instruments at 31 December 2015 and 2014 is as follows:

	2015		2014	
Available-for-sale financial assets		**9,830**		**6,851**
Vertederos de Residuos, S.A.	9,710		8,020	
Other	120		(1,169)	
Financial derivatives		**(247,425)**		**(250,910)**
Fomento de Construcciones y Contratas, S.A.	(1,732)		(1,941)	
Azincourt Investment, S.L.	(1,056)		(1,808)	
Urbs Iudex et Causidicus, S.A.	(37,360)		(36,475)	
Globalvía Group	(68,401)		(68,401)	
FCC Environment (UK) Group	(12,026)		(19,398)	
Cedinsa Group	(43,397)		(25,906)	
Concessió Estacions Aeroport L9, S.A.	(75,027)		(87,107)	
Other	(8,426)		(9,874)	
		(237,595)		**(244,059)**

e.2) Translation differences

The detail of the amounts included under "Translation Differences" for each of the most significant companies at 31 December 2015 and 2014 is as follows:

	2015		2014	
European Union:				
FCC Environment (UK) Group	(82,505)		(91,939)	
Dragon Alfa Cement Limited	(1,676)		(1,976)	
Other	6,439	(77,742)	(2,591)	(96,506)
USA:				
FCC Construcción de América Group	12,372		5,325	
Globalvía Group	6,723		6,723	
Giant Cement Holding, Inc.	2,411		(2,254)	
Cemusa Group	—		(4,142)	
Other	(2,865)	18,641	785	6,437
Latin America:				
Globalvía Group	22,123		22,123	
Cemusa Group	—		2,596	
FCC Construcción de América Group	5,028		(5,055)	
Other	6,944	34,095	351	20,015
Other currencies		**(2,365)**		**(7,072)**
		(27,371)		**(77,126)**

The changes in 2015 were the result mainly of the depreciation of the euro against the pound sterling and the US dollar.

The detail, by geographical market, of the net investment in currencies other than the euro (translated to euros as described in Note 3-k) is as follows:

	2015	2014
UK	426,914	346,827
US	73,135	123,594
Latin America	102,171	108,921
Czech Republic	72,635	184,933
Other	160,476	164,815
	835,331	**929,090**

f) Earnings per share

Basic earnings per share are calculated by dividing the result attributable to the Parent by the weighted average number of ordinary shares outstanding in 2015, resulting in a loss per share of EUR 0.18 in 2015 (2014: loss per share of EUR 5.70).

In relation to the bond issue described in paragraph d) above, it should be noted that dilutive effects could exist if the bondholders were to exercise the conversion option under certain conditions. Under IAS 33 "Earnings per Share", diluted earnings per share shall be calculated by adjusting the weighted average number of shares outstanding under the assumption that all the bonds have been converted into ordinary shares. In addition, the earnings attributable to the Parent shall be adjusted by increasing them by the amount of the interest, net of the tax effect, relating to the bonds recognised in the accompanying consolidated statement of profit or loss. Based on the resulting calculations, there was no dilution of the loss per share in 2015 or 2014.

II. Non-controlling interests

"Non-Controlling Interests" in the accompanying consolidated balance sheet reflects the proportional part of the equity and the result for the year after tax of the companies in which the Group's non-controlling interests have ownership interests.

The detail of "Non-Controlling Interests" at 31 December 2015 and 2014 in relation to the main companies is as follows:

	Equity			
	Share capital	Reserves	Profit or loss	Total
2015				
Cementos Portland Valderrivas Group	16,004	134,438	(11,055)	139,387
Aqualia Czech	33,958	12,002	(2,561)	43,399
Other	16,362	1,627	5,741	23,730
	66,324	**148,067**	**(7,875)**	**206,516**
2014				
Cementos Portland Valderrivas Group	16,004	143,850	(11,454)	148,400
Aqualia Czech	33,958	12,681	(4,426)	42,213
Other	18,273	8,096	6,761	33,130
	68,235	**164,627**	**(9,119)**	**223,743**

In 2014 Cementos Portland Valderrivas, S.A. converted the participating loan from Fomento de Construcciones y Contratas, S.A. plus the related interest into capital. This resulted in a 7.78% increase in the FCC Group's effective percentage of ownership in Cementos Portland Valderrivas. This change in ownership interest resulted in a decrease of EUR 20,036 thousand in non-controlling interests of the Cementos Portland Valderrivas Group. This amount is broken down into a decrease of EUR 22,368 thousand in consolidation reserves and an increase of EUR 2,332 thousand in valuation adjustments.

19. Equity Instrument-Based Transactions

In accordance with a resolution adopted by the Board of Directors of 29 July 2008, Fomento de Construcciones y Contratas, S.A. had a cash settlement-based remuneration plan in force for the Executive Directors and Executives linked to the value of the Company's shares. The participants in the plan would have received a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan. This plan was divided into two tranches with final maturities in October 2013 and February 2014, respectively. The value of the share during the exercise period did not at any time exceed the exercise price set and, accordingly, no option was exercised in either case. Consequently, no cash outflow took place.

Initially, the Company arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions. On final maturity of the transaction in February 2014, the aforementioned derivative instruments were settled with the corresponding impact on results.

20. Long-Term and Short-Term Provisions

The detail of the provisions at 31 December 2015 and 2014 is as follows:

	2015		2014	
Long-term		**1,254,119**		**1,157,870**
Long-term employee benefit obligations	75,453		86,620	
Dismantling, removal and restoration of non-current	137,244		132,896	
Environmental activities	226,440		222,486	
Litigation	94,242		92,657	
Contractual and legal guarantees and obligations	100,691		99,677	
Other provisions for contingencies and charges	620,049		523,534	
Short-term		**194,743**		**288,469**
Construction contract settlement and contract losses	175,290		269,602	
Other provisions	19,453		18,867	

The changes in “Long-Term Provisions” and "Short-Term Provisions" in 2015 and 2014 were as follows:

	Long-term provisions	Short-term provisions
Balance at 31/12/13	**1,092,483**	**341,375**
Environmental expenses for the removal or dismantling of assets	2,027	—
Changes in employee benefit obligations arising from actuarial gains or losses	24,130	—
Measures to upgrade concessions or expand concession capacity	10,290	—
Provisions recognised/(reversed)	138,292	(36,150)
Amounts used (payments)	(147,396)	(6,645)
Changes in the scope of consolidation, translation differences and other changes	38,044	(10,111)
Balance at 31/12/14	**1,157,870**	**288,469**
Environmental expenses for the removal or dismantling of assets	12,379	—
Changes in employee benefit obligations arising from actuarial gains or losses	(7,917)	—
Measures to upgrade concessions or expand concession capacity	6,335	—
Provisions recognised/(reversed)	80,354	(59,527)
Amounts used (payments)	(121,524)	(23,939)
Changes in the scope of consolidation, translation differences and other changes	126,622	(10,260)
Balance at 31/12/15	**1,254,119**	**194,743**

“Environmental Expenses for the Removal or Dismantling of Assets” includes the balancing item for the increased asset value relating to the discounted present value of the expenses that will be incurred when operation of the asset ceases.

"Measures to Upgrade Concessions or Expand Concession Capacity" includes the balancing item for the increase in the value of non-current assets relating to the discounted present value of the infrastructure work carried out by the concession operator during the concession term to upgrade the concessions and expand their capacity.

The provisions included in the accompanying consolidated balance sheet are considered to cover the inherent liability that may arise in the course of the Group’s various business activities.

The timing of the expected outflows of economic benefits at 31 December 2015 arising from the obligations covered by long-term provisions is as follows:

	Within five years	After five years	Total
Long-term employee benefit obligations	22,054	53,399	75,453
Dismantling, removal and restoration of non-current assets	85,276	51,968	137,244
Environmental activities	49,396	177,044	226,440
Litigation	44,557	49,685	94,242
Contractual and legal guarantees and obligations	51,469	49,222	100,691
Other provisions	354,285	265,764	620,049
	607,037	**647,082**	**1,254,119**

Long-term employee benefit obligations

“Long-Term Provisions” in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in Note 26.

Environmental provisions

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at 31 December 2015 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 30 to the consolidated financial statements, relating to information on the environment, provides additional information on environmental provisions.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, are not expected to have an impact on the Group's equity according to estimates regarding their final outcomes.

Contractual and legal guarantees and obligations

"Contractual and Legal Guarantees and Obligations" includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provisions for construction contract settlements and contract losses

These provisions are recognised for losses budgeted for in construction projects in accordance with the measurement bases set forth in Note 3-s, and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the contract based on experience in the construction business.

The reduction in this heading in 2015 compared with 2014 is due mainly to the reversal of provisions recognised in prior years as actual losses were incurred, mainly in the Construction Area.

Provisions for other contingencies and charges

"Provisions for Other Contingencies and Charges" includes the items not classified in the aforementioned accounts, comprising most notably the provisions relating to Alpine, which are explained in further detail in the following paragraphs.

On 19 June 2013, Alpine Bau GmbH (the head of the group of operating companies of the Alpine Group) presented a petition for insolvency proceedings with court-ordered liquidation and a winding-up proposal to the Vienna Commercial Court This application resulted in the closing of the business and the liquidation of its corporate assets (Schließung und Zerschlagung). On 28 June 2013, Alpine holding GmbH (the parent of Alpine Bau GmbH) directly filed for insolvency and liquidation. During the insolvency proceedings, the insolvency managers reported, in the liquidation process, recognised liabilities amounting to approximately EUR 1,750 million at Alpine Bau GmbH and EUR 550 millions at Alpine Holding GmbH.

As a result of these two court-ordered liquidation proceedings of the subsidiaries of FCC Construcción, S.A., the latter lost control over the Alpine Group, which was de-consolidated.

As a result of these insolvency proceedings, at 31 December 2015 the FCC Group had recognised provisions in relation to the Alpine subgroup amounting to EUR 153,981 thousand in order to cover the contingencies and liability arising from the activities carried on by the aforementioned subgroup. The breakdown of these provisions is as follows:

Challenge to the sale of Alpine Energie	75,000
Encumbered collateral provided and accounts receivable for contracts of Alpine	62,494
Outstanding balances arising from the acquisition of certain shares of Alpine subgroup companies	16,487
Total	**153,981**

The provision for the challenge to the sale of Alpine Energie Holding AG amounting to EUR 75,000 covers the risk relating to the action brought by the insolvency managers of Alpine Bau GmbH on 11 June 2014 against the Parent of the Group, Fomento de Construcciones y Contratas, S.A. and two of its subsidiaries: Asesoría Financiera y de Gestión, S.A. and Bveftdomintaena Beteiligunsgverwaltung GmbH. It should be noted in relation to the aforementioned proceedings that the expert commissioned by the Public Prosecutor's Office adjudged in October 2015 that the sale of Alpine Energie did not cause any damage or loss to Alpine Bau and that the sale conditions were in line with the prevailing market conditions at the time; therefore the judgement does not consider any dealings in assets with a view to defrauding creditors to have occurred. Although this report was issued in the framework of criminal proceedings and the judge of the commercial court who processed the claim for retrospective annulment is under no obligation as a result of such conclusions, it is expected that if it has been considered that the sale was not detrimental to Alpine's assets, this should have a bearing on whether or not the retrospective annulment of the sale is upheld. However, in view of the uncertainty as to the final outcome, the Group maintained the provision recognised in prior years.

FCC Construcción, S.A. provided corporate guarantees in order for certain subsidiaries of the Alpine subgroup to be awarded the contracts and, on the bankruptcy of the subgroup, FCC Construcción, S.A. may have to meet these obligations. In addition, in the ordinary course of its business activities, the FCC Group generated accounts receivable from the Alpine subgroup, which are highly unlikely to be recovered as a result of the bankruptcy proceedings. In order to cover both risks, the Group recognised provisions amounting to EUR 62,494 thousand on the liability side of its consolidated balance sheet.

The provision for the outstanding balances as a result of the acquisition of certain shares of the Alpine subgroup relates to the purchase by FCC Construcción, S.A. of 50% of the shares of Alpine Consulting, d.o.o. and Vela Borovica Koncern d.o.o., for which the insolvency managers of Alpine Bau has claimed the payment of a total of EUR 16,487 thousand.

Since the bankruptcy of Alpine Holding GmbH and Alpine Bau GmbH, preliminary investigations have been conducted by the Spanish Anti-Corruption and Financial Crime Prosecutor's Office and the following civil proceedings have been brought which entail certain risks. These proceedings are as follows:

- **Preliminary investigations:**
  - In July 2013 the claim filed by a bondholder against five Directors of Alpine Holding GmbH (all of whom were Directors when the bonds were issued and they filed for insolvency) gave rise to the investigations by the aforementioned Spanish Anti-Corruption and Financial Crime Prosecutor's Office.
  - In April 2014 a former Director of Banco Hypo Alde Adria filed a claim against FCC Construcción, S.A., Alpine Holding GmbH, Alpine Bau GmbH, three of their Directors and one employee of Fomento de Construcciones y Contratas, S.A. The investigations initiated by the Public Prosecutor's Office have been added to those mentioned above.
- **Civil and commercial proceedings**
  - In 2014 two bondholders filed two civil claims against FCC Construcción, S.A. and a Director for EUR 12 thousand and EUR 506 thousand. Both proceedings have been suspended pending a preliminary judgment being handed down in the criminal jurisdiction.
  - As well as the action for retrospective annulment brought by the insolvency managers of Alpine Bau GmbH due to sale of Alpine Energie, and for which the aforementioned provision of EUR 75,000 thousand was recognised, there is another action for retrospective annulment for EUR 14.4 million, which includes the allegation that there was an unlawful conversion of debt into capital between Alpine Bau GmbH and FCC Construcción, S.A.
  - The proceedings initiated by the insolvency managers of Alpine Bau claiming the purchase price of the shares of MWG Wohnbaugesellschaft mbH (50%) and Alpine Consulting d.o.o. (100%) are in process, although the amounts claimed, along with that which is subject to negotiation over the purchase of 95% of Vela Borovica Koncern d.o.o. have been provisioned, as stated previously.
  - The insolvency managers of Alpine Holding filed a claim of EUR 186 million against FCC Construcción, S.A. as it considers that this company must indemnify Alpine Holding GmbH for the amounts which the latter raised through bond issues in 2011 and 2012 and which the latter allegedly loaned to Alpine Bau GmbH without the necessary guarantees. Notice of the claim was given in April 2015 and the proceeding is at the evidence phase.

The accompanying consolidated financial statements include the aforementioned provisions to cover the probable risks in connection with certain of these lawsuits. In relation to the remainder of the lawsuits, the Group and its legal advisers do not consider it likely that there will be any future cash outflows and, therefore, no provision has been recognised in this connection as the Group considers that the related liabilities constitute contingent liabilities (see Note 27).

21. Non-Current and Current Financial Liabilities

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities.

This financial liability management model was modified with the entry into force of the Refinancing in June 2014 because the financing of the consolidated group of companies was arranged by the Parent Fomento de Construcciones y Contratas, S.A., and most of the bilateral financing of the companies in the scope of consolidation was repaid.

Should the financial transaction so require, following a hedging policy for accounting purposes, the Group arranges interest rate hedging transactions on the basis of the type and structure of each transaction (see Note 24).

In certain types of financing, particularly non-recourse structured financing, the lender requires the arrangement of some kind of interest rate hedge and the Group assesses the best hedging instrument based on the project's cash flow profile and the debt repayment schedule.

a) Non-current and current debt instruments and other marketable securities

The main characteristics of the non-current and current debt instruments and other marketable securities arranged by the Group in prior years and maintained in 2015 are as follows:

On 31 July 2012, Giant Cement Inc. issued debt instruments totalling USD 430,000 thousand for the purpose of refinancing its main debts, which were set to mature mainly in 2012 and 2013. These instruments will be settled in full in 2018, the annual coupons are 10.0% and there is an option in the first two years to capitalise the interest at 12.0%.

A profit-sharing agreement was also arranged for a 20% share of the EBITDA recognised by Giant Cement Holdings Inc. each year, provided it has a profit, to be paid at the end of the loan term. This transaction was recognised applying the effective interest method and, therefore, the debt arrangement expenses were recognised as a reduction of the amount of the debt. The amount recognised at 31 December 2015 was EUR 418,771 thousand (31 December 2014: EUR 371,189 thousand) of principal and EUR 18,628 thousand (31 December 2014: EUR 11,862 thousand) of accrued interest payable. The year-on-year increase was due mainly to exchange rate changes and the capitalisation of the EBITDA sharing agreement.

The purpose of the issue of subordinated convertible bonds amounting to EUR 450,000 thousand launched on 30 October 2009 by Fomento de Construcciones y Contratas, S.A., which was aimed at international institutional investors, was to strengthen the balance sheet equity structure due to the fact that the bonds were convertible and subordinate to the corporate loans arranged by the Parent at that time, and it also attempted to diversify the Group's financing base by supplementing the bank financing.

The restructuring of these convertible bonds was included in the framework of the Group's overall refinancing in 2014. This restructuring consisted of extending the original maturity of the convertible bonds -set for October 2014- by six years until October 2020, initially reducing the conversion price from EUR 37.85 to EUR 30 and then from 1 December 2014 onwards, due to the capital increase performed at FCC, S.A., reducing it further to EUR 22.19 while maintaining the interest rate of 6.5%.

The entitlement to convert the bonds may be exercised at the request of each of the holders, at any time until 30 October 2020 pursuant to the terms and conditions of the bonds. Also, the disappearance of the subordination attaching to the convertible bonds prior to the restructuring should be noted.

Furthermore, FCC, S.A. is entitled to convert all of the convertible bonds into ordinary shares of FCC, S.A. under certain circumstances, and repay all of the bonds early from October 2018 onwards.

The restructuring and modification of the conditions of the issue in the terms mentioned were approved by the General Assembly of Bondholders held on 5 May 2014 and the Company's Annual General Meeting on 23 June 2014.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 18-d. Note 18-d also describes the terms of the convertible bond issue.

As a result of the restructuring of the convertible bonds, as it is a compound instrument, the fair value of the convertibility option equity instrument was determined under the new conditions, mainly the lengthening of the maturity and the adjustment in its conversion price, as a result of the dilution arising from the capital increase. As the exercise price of the conversion option was far superior to the market price of the share and it was not expected that the market price would reach or exceed the exercise price of the option, the option was considered to be out of the money and its fair value was therefore considered to be zero. As a result, the carrying amount of the liability component and of the equity instrument was maintained unaltered. In relation to the liability component, since its fair value, using as a discount rate the effective interest arising from the terms and conditions provided for in the 2009 bond issue, was very close to its carrying

amount, and having verified that the present value of the cash flows discounted under the new terms and conditions, including any fees and commissions paid, using the original effective interest rate for discounting purposes, differed by less than 10% from the discounted present value of the cash flows still remaining from the original financial liability, the aforementioned refinancing did not give rise to the derecognition of the initial liability. It is important to note that the restructuring of the bond affected its maturity but did not give rise, under any circumstances, to the early conversion of the bond.

The balance recognised in this connection at 31 December 2015 under "Debt Instruments and Other Marketable Securities" in the accompanying consolidated balance sheet amounted to EUR 451,396 thousand (31 December 2014: EUR 450,847 thousand), including EUR 4,873 thousand of accrued interest payable (31 December 2014: EUR 4,873 thousand). These bonds traded at 94.82% of par at 31 December 2015 according to Bloomberg.

Also, in 2005 Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVak) issued non-convertible bonds amounting to CSK 2,000,000 thousand. These bonds matured on 15 November 2015 and bore nominal interest of 5%. These bonds traded at 96.20% of par at 31 December 2015 according to Bloomberg.

To repay this bond early, in July 2015 SmVak issued a seven-year local bond at a fixed interest rate for an amount of CZK 5,400,000, with a coupon of 2.625% and a rating of BBB- from the rating agency Fitch.

The balance recognised in this connection at 31 December 2015 amounted to EUR 199,417 thousand, including EUR 2,390 thousand of accrued interest payable.

b) Non-current and current bank borrowings

The detail at 31 December 2015 and 2014 is as follows:

	Non-current	Current	Total
2015			
Credit facilities and loans	3,608,969	223,579	3,832,548
Borrowings without recourse to the Parent	64	836,672	836,736
Limited recourse project financing loans	718,002	260,398	978,400
FCC Environment Group:	572,937	231,252	804,189
Other	145,065	29,146	174,211
	4,327,035	**1,320,649**	**5,647,684**
2014			
Credit facilities and loans	3,738,396	65,639	3,804,035
Borrowings without recourse to the Parent	181	939,888	940,069
Limited recourse project financing loans	857,299	154,990	1,012,289
FCC Environment Group	668,777	13,584	682,361
Other	188,522	141,406	329,928
	4,595,876	**1,160,517**	**5,756,393**

Of particular note in the foregoing table is the syndicated loan that arose from the refinancing process completed in 2014 with a principal amounting to EUR 3,678 million, having repaid the EUR 900 million after the application of a portion of the funds obtained through the capital increase performed by the Parent of the Group in December 2014, greater detail on which is provided in the section on “Credit Facilities and Loans” below.

There are three separate groups of borrowings in the foregoing table:

1. Credit facilities and loans

Which include the financing forming part of the Refinancing Agreement entered into by Fomento de Construcciones y Contratas, S.A. in March 2014, which came into force in June of that year.

In 2013 the FCC Group decided to commence the refinancing of most of the FCC Group's debt in order to achieve a sustainable financial structure adapted to the generation of cash projected for the Group in the prevailing market environment, which would enable it to focus on the other objectives of its 2013-2015 Strategic Plan aimed at improving profitability, reducing indebtedness and strengthening the capital structure.

The refinancing process was formalised through the refinancing agreements entered into on 24 March and 1 April 2014 by FCC, S.A., other Group companies and the lending banks. Subsequent to compliance with certain conditions, the refinancing process came into effect on 26 June 2014, the date on which the full amount under the Financing Agreement was received and interest began to accrue. The refinancing was subscribed by virtually all the financial entities involved (more than 40 entities), achieving coverage of 99.98% of the liabilities affected.

The refinancing was instrumented mainly through (i) the arrangement of a syndicated loan amounting to EUR 4,528 million; (ii) the entering into of a financial stability agreement for guarantee and working capital facilities; (iii) the restructuring of the convertible bonds issued in 2009 amounting to EUR 450 million (discussed above); and (iv) the arrangement of other additional financing agreements.

On 21 November 2014, the FCC Group entered into a binding agreement, the "**New Restructuring Framework Agreement**", with lending entities representing 86.5% of the Financing Agreement, under which the following was agreed:

i) the use of the proceeds net of expenses arising from the 2014 capital increase; and

ii) the modification of certain terms and conditions of the Financing Agreement.

Specifically, the aforementioned agreement established that EUR 765 million of the proceeds from the 2014 capital increase be used to repay and amortise EUR 900 million of Tranche B of the Financing Agreement, with the lending entities of Tranche B thereby assuming a debt reduction of 15%. It also provided for margin reduction and payment deferrals, including the potential extension of the term of Tranche B in the case of non-conversion. The lending entities' share of this debt reduction was proportional to their respective participation in Tranche B.

Since the aforementioned "New Restructuring Framework Agreement" had been approved by 86.5% of the lending entities, a court approval procedure was implemented to apply certain agreements provided for therein (in particular, debt reduction, margin reduction and payment deferrals, including the potential extension of the term of Tranche B in the case of non-conversion) to all of the lending entities in accordance with Additional Provision Four of Spanish Insolvency Law 22/2003, of 9 July. On 12 January 2015, Barcelona Commercial Court no. 10 ruled in favour of FCC, agreeing to the court approval of the New Restructuring Framework Agreement and the extension of its effectiveness to the entities that had not signed it. The court approval was challenged by three creditors whose joint share in Tranche B affected by the New Restructuring Framework Agreement amounted to EUR 36 million (after application of the aforementioned 15% debt reduction). In accordance with Additional Provision Four of Spanish Insolvency Law 22/2003, the reasons for the challenge are limited exclusively to: (i) compliance with the percentages required under Additional Provision Four of Spanish Insolvency Law 22/2003; and (ii) the disproportionate nature of the sacrifice required. On 2 November 2015, the Court summoned the parties to submit their objections to the written challenge in a period of ten working days. This period expired on 17 November 2015, and the Company submitted its statement of defence to the challenge on that date.

The bondholders were not affected by the New Restructuring Framework Agreement and its related court approval. However, a group of convertible bondholders initiated legal proceedings before the English courts in January 2015 requesting that the New Restructuring Framework Agreement and its related court approval be declared as constituting a general financial restructuring process which, in accordance with the terms and conditions of issue of such convertible bonds, enables their holders to request from FCC the early repayment of their loan on an individual basis. The Group does not have the nominal amount of the bonds held by the claimant creditors as it was not provided with this amount during the court proceedings.

On 16 April 2015, the English judge issued a court order recognising the bondholders' right to request such early and partial maturity from FCC on an individual basis (with regard to the bonds held by each holder). In order for the total early maturity of the issue to take place, it would be necessary for the bondholders representing at least 5% of the nominal balance pending thereof to request the holding of a bondholders' assembly at which, by absolute majority of the nominal balance of the bondholders present or represented at the assembly (and subject to the achievement of the corresponding quorum), they agree on such total early maturity. FCC is not aware of any bondholder having called such an assembly or of any bondholder having requested the maturity of the convertible bonds on an individual basis, not even the bondholders who initiated the legal proceedings in the UK.

FCC has appealed the court order, has obtained authorisation from the appellate court to appeal and is awaiting the outcome. However, the claimants could try to enforce the aforementioned court order on a provisional basis. The hearing is expected to take place at the beginning of November 2016.

Once the court order issued by the judge becomes final or is provisionally executed, FCC's creditors could invoke part of the FCC Financing Agreement as possible grounds for early maturity of this loan due to cross default. However, in order for this early maturity claim to be successful it would be necessary for it to be expressly approved by a majority of over 66.67% of creditors.

FCC considers that the court order issued by the English judge in relation to the convertible bond will have no impact on the court approval procedure as it is a circumstance affecting a debt which is not included in the New Restructuring Framework Agreement and is unrelated to any possible reasons for challenging the aforementioned court approval procedure.

As a result of the above, the Group has maintained the classification of the bonds as non-current, since the aforementioned court decision has been appealed as the Group does not agree with it and considers that its appeal will be successful. In addition, it is not expected that the bondholders will claim reimbursement as the restructuring of the bonds, as mentioned previously, was approved by a large majority. At the date of authorisation for issue of these consolidated financial statements, no bondholder had requested reimbursement.

The detail of the most salient aspects of the aforementioned refinancing and its subsequent renewal is as follows:

Financing Agreement and subsequent renewal

The refinancing is structured primarily on the basis of a long-term syndicated financing agreement divided into tranches that came into force on 26 June 2014 (the "Financing Agreement") which entailed the novation of a significant portion of the various syndicated financing agreements, credit or loan facilities or bilateral financing instruments of FCC, S.A. and certain of its Group companies (the "FCC Refinancing Scope"), with the exception of certain excluded companies and the excluded subgroups headed by Cementos Portland Valderrivas, S.A., FCC Environment (UK), FCC PFI Holdings Ltd and Azincourt Investment, S.L.U. ("Azincourt"), .A.S.A. Abfall Services A.G. and Aqualia Czech S.L. (together the "Excluded Subgroups").

The main features of this syndicated financing agreement are as follows:

- **Amount:** the initial amount is EUR 4,528 million, which replaces the debt existing in various syndicated and bilateral structures for the same amount. As a result of the renewal the principal amounted to EUR 3,678 million.
- **Tranches:** Tranche A for an initial amount of EUR 3,178 million which is classified as a guaranteed senior commercial loan and Tranche B for an initial amount of EUR 1,350 million that is of the same guaranteed nature as Tranche A and includes a right to convert the outstanding balance at maturity into newly issued shares at market price without a discount (including the PIK or capitalisable component of the accrued interest) through the conversion of loans into share capital or a subordinated loan in certain circumstances envisaged in the Financing Agreement. As a result of the renewal and the use of a portion of the funds from the 2014 capital increase to repay Tranche B, the principal amounted to EUR 502 million at 31 December 2015.
- **Maturity:** the maturity of the Financing Agreement was set at 4 years from 26 June 2014 with the possibility of being extended up to a maximum period of 6 years (automatic extension by 1 year in the case of conversion of Tranche B into shares of FCC, S.A. and additional extension by 1 more year where this has been approved by an enhanced majority of 75% of entities financing Tranche B). After novation of the agreement, if Tranche B has not been converted, it will be extended automatically for an additional three-year period.

- **Repayment:** the repayment schedule includes EUR 150 million at 24 months and EUR 175 million at 36 months, and the remainder is payable on maturity. Tranche B is repayable on the original maturity date, notwithstanding its possible conversion into shares under the terms and conditions indicated below. However, if the entities financing Tranche B decide not to convert Tranche B into FCC shares on the original maturity date, the maturity of Tranche B will be automatically extended for an additional three-year period from the original maturity date.
- **Interest rate of Tranche A:** the interest rate established for Tranche A is Euribor plus a floating spread increasing over the period of 3% in the first year, 3.5% in the second year and 4% in the third and fourth years.
- **Cases of early maturity:** the Financing Agreement provides for certain cases of early maturity, which include, inter alia (i) non-payment; (ii) non-achievement of covenants; (iii) material adverse effect; (iv) insolvency proceedings involving any party to the Agreement or relevant subsidiary; and (v) cross default if other debts are not paid.
- **Cases of mandatory total early repayment:** the Financing Agreement provides for certain cases of mandatory total early repayment which include, inter alia (i) a change of control at the FCC Group (which involves the acquisition of control by a third party other than an industrial company or a credit institution of acknowledged solvency, experience and management capacity), unless it results from a monetary capital increase the funds of which are used for the purposes envisaged in the Financing Agreement, or from the acquisition of control as a result of a possible conversion into shares; or the loss of control of the current controlling shareholder that does not involve the acquisition of control by a third party; and (ii) the sale of all or a substantial portion of the assets or businesses of the Group.
- **Cases of mandatory partial early repayment:** among other cases, the Financing Agreement provides for the obligation of the borrowers to repay, early and partially, the outstanding principal using (i) all of the net proceeds from monetary capital increases, unless (a) they are used to repurchase Tranche B debt (using the Dutch auction procedure); (b) and up to 25% of the proceeds from the capital increase may be used, at the discretion of FCC, as contributions of funds to certain companies in which non-controlling interests are held, Excluded Subgroups (except for Alpine) or certain companies excluded from the FCC Refinancing Scope; (ii) the effective amount paid in by any FCC Group company party to the refinancing or any company in the FCC Refinancing Scope as a result of the subscription of subordinated debt; (iii) proceeds from insurance indemnity payments and the sale of assets, subsidiaries and businesses, except under certain circumstances; and (iv) cash surpluses existing at 31 December of each year which exceed certain minimum amounts.
- **Financial ratios and other borrower obligations:** the Financing Agreement is subject to the achievement of certain half-yearly financial ratios relating to the FCC Refinancing Scope the non-achievement of which may trigger a case for early repayment.

  At 31 December 2015, the ratios envisaged in this Agreement had been achieved. Group management expects that they will also be achieved at 30 June 2016 and 31 December 2016.
- **Flexibility in the terms and conditions in the case of deleverage:** if all the circumstances concur, which in accordance with the Financing Agreement constitutes a case of deleverage of the FCC Refinancing Scope, the Financing Agreement provides for the automatic modification of certain conditions and obligations upon the borrowers including (i) the easing of partial early payment assumptions; and (ii) modification of the dos and don'ts obligations incumbent upon borrowers (including the removal of the prohibition on distributions to shareholders), establishing minimum thresholds that triggering the prohibition of constitution of liens and encumbrances or limitations on the disposal and sale of assets when conducted under conditions other than market conditions.

  As a result of the aforementioned renewal, certain clauses were modified, thereby mitigating various restrictions imposed by the original Agreement, the most significant being: (i) FCC can provide funding to Group companies other than the borrowers and guarantors if they meet certain requirements; (ii) the maximum amount of additional financial indebtedness in which FCC and other Group companies may incur has been increased; and (iii) FCC is entitled to distribute dividends to shareholders if certain conditions are met.

  At 31 December 2015, the FCC Group did not meet the aforementioned conditions under the Financing Agreement required to distribute dividends to its shareholders.

- **Personal guarantees and security interests:** the Financing Agreement provides for personal guarantees whereby FCC and Group companies acting as guarantors are jointly and severally liable for the fulfilment of the obligations of the other borrowers. In further assurance of compliance with the obligations under the Financing Agreement, certain security interests have been given by the borrowers including (i) a pledge of shares and ownership interests in various FCC Group companies; (ii) a pledge of collection rights relating to bank accounts; and (iii) a pledge of receivables under certain concession arrangements and other collection rights, as well as the grant of a promise of creating additional security interests in certain circumstances.

  There is a promise to create additional security interests in assets of any kind (property, plant and equipment, intangible assets or financial assets) and, in particular, in the Group's property assets which are not encumbered or subject to promises of guarantees, receivables or shares of or ownership interests in any company owned by it in any of the following cases: (i) if the majority of the financial institutions have requested this expressly in view of the circumstances at any given time (regardless of whether or not the additional security interests will be provided to all the guaranteed creditors); (ii) in a case of early maturity of the financing (regardless of whether or not the early maturity of the financing has been declared); or (iii) at any other time at which a guarantee may have become invalid or unenforceable, or may have been cancelled or reduced in any way.

  The obligation to create additional security interests will be automatic (i) when, having evidenced the existence of a legal or contractual restriction which impedes the provision of a personal guarantee by a significant subsidiary or other Group company or the existence of non-controlling shareholders outside the FCC Group, the shares or ownership interests in that significant subsidiary or company must be pledged; and (ii) in any of the cases in which security interests are extended to new contracts awarded to or formalised by the companies that form part of the areas of the Group engaging in the provision of urban cleaning and water services.

  In relation to the Water Division, there is an obligation to pledge the collection rights under the Water Division's contracts should Aqualia's factoring arrangements be extinguished or terminated for any reason or if, due to any other circumstance, it is possible to pledge all or some of the aforementioned collection rights.

  Also, should any of the obliged parties enter into contracts with any Public Authority outside the scope of Aqualia's factoring arrangements, such obliged parties undertake to pledge the collection rights arising from these contracts provided that their estimated annual billings represent 3% or more of the total billings of the Group's Water Division.

Main characteristics of Tranche B

- **Repurchase of Tranche B:** the Financing Agreement establishes that, in the event of a capital increase at FCC, the proceeds obtained from the increase may be earmarked for the acquisition of Tranche B debt through a Dutch auction process, which could allow for the repurchase of Trance B at a discount.

- **Interest rate of Tranche B:** as regards Tranche B, the interest rate agreed upon was 1-year Euribor plus an annual fixed spread (PIK component) of 11% in the first year, 13% in the second, 15% in the third and 16% in the fourth year, with the Euribor payable in cash and the PIK component capitalisable at the end of each interest period. In accordance with the novation of the FCC Financing Agreement in November 2014, the PIK component accrued and was capitalised at the reduced rate of 6% solely in relation to the portion of Tranche B that had been repaid and only with respect to the interest accrued from 26 June 2014 to 19 December 2014. As a result of the aforementioned novation of the FCC Financing Agreement, the interest rate on the PIK component was reduced from the aforementioned date to 5% per year on the portion not yet repaid after the novation (although for the portion of the Tranche B debt corresponding to the entities that opposed the court approval procedure associated with this novation, the extension to these entities of this reduction is still pending a court decision).

The PIK component of the interest on Tranche B can be converted, temporarily and automatically (without the need for prior approval of the lenders) into a participating subtranche of Tranche B provided that, during the term of the FCC Financing Agreement, the financial adviser in the refinancing issues a report, at the request of FCC, which determines that (i) even if FCC has adopted all the legal measures necessary to increase its equity, or if the adoption of such measures has not been possible, FCC is in a situation of mandatory dissolution pursuant to the Spanish Limited Liability Companies Law; and (ii) this situation of mandatory dissolution was caused exclusively by the accrual of the PIK component. The aforementioned conversion will be a temporary measure, applicable only as long as the circumstances that necessitated the conversion persist. Therefore, if at any time after the conversion FCC's equity position is totally or partially restored, the novation of the participating subtranche of Tranche B will take place automatically and it will be included once again in Tranche B in accordance with its original terms and conditions. The existence of a situation of mandatory dissolution that cannot be automatically remedied by converting the PIK component indicated in the preceding paragraph will constitute grounds for the early maturity of the FCC Financing Agreement. However, it may be agreed, with the approval of lenders whose aggregate share of Tranche B represents 75% or more of the total outstanding balance payable, to convert Tranche B into a participating loan up to the limit of the minimum amount necessary to remedy the situation of mandatory dissolution.

- **Conversion of Tranche B into shares:** as indicated previously, the Financing Agreement envisages that the full balance of Tranche B not yet paid (including the interest PIK component) can be converted into shares of FCC, primarily, and including other cases of early conversion, (i) in the event of failure to repay or refinance Tranche B on maturity (ordinary conversion); (ii) in a case of total or partial mandatory repayment, or a case of early maturity envisaged in the Financing Agreement (early conversion); or (iii) in a case of insolvency proceedings involving FCC, subject at all times to the condition that it is thus agreed upon by lenders whose aggregate share of Tranche B represents 75% or more of the total outstanding balance payable.

The conversion right is instrumented through a warrants issue approved by the shareholders at the Annual General Meeting of FCC, S.A. held on 23 June 2014. The warrants give their holders the right to convert -up to six months after the original maturity date- a number of new shares of FCC, S.A. in proportion to their share of the Tranche B debt (including principal and capitalised interest payable at the conversion date) at the market price of the shares upon exercise of the warrants, for which the higher would be considered of (i) the nominal value; and (ii) the value of the weighted average market price of the shares in the eight weeks prior to the date on which the conversion process is initiated (five months before the original maturity date) in the case of ordinary conversion, or the weighted average market price of the shares during the eight weeks after the date on which the conversion process is initiated, in the case of early conversion.

The warrants were subscribed by the lending entities with a share of Tranche B and are transferable only in the amount of the corresponding share of Tranche B, which simultaneously requires the joint and indivisible transfer of Tranche A. The warrants will not be listed on any secondary market.

In order to minimise the impact on the share price of FCC, S.A. that could result from the conversion, the lending entities assumed certain restrictions on the transfer of shares (lock up) and in relation to the orderly sale thereof.

However, it should be underlined that the warrants will not be convertible into shares of FCC if prior to or on the conversion date the aforementioned Tranche B is repaid or if various circumstances arise together, including most notably: (i) that FCC has provided evidence of the reduction of the Net Financial Debt/EBITDA Ratio of the FCC Refinancing Scope to under 4 times; (ii) that it has repaid at least EUR 1,500 million of the total financing granted through Tranche A and Tranche B; and (iii) that recurring EBITDA exceeds EUR 750 million. In these cases, the conversion of the warrants would be immediately deactivated, Tranche B would be converted into Tranche A and the spread applicable to the interest rate on the total of Tranche A would be set at 4.5%.

In accordance with the terms and conditions of the Refinancing Agreement, the aforementioned warrants enable new shares to be subscribed at their market value, can be exercised on the conversion date and cannot be disposed of separately from the aforementioned share of Tranche B. Therefore, neither the disposal of the warrant, together with the corresponding share of Tranche B, nor the exercise of the option would give rise to the obtainment of any economic benefit for its holder, as it merely affords entitlement to subscribe new shares at their fair value. Therefore, the fair value of the derivative is zero, on both initial recognition and subsequent measurement.

Financial Stability Framework Agreement

To complement the main Refinancing Agreement, a Financial Stability Framework Agreement was entered into governing, inter alia, the financial transactions necessary for day-to-day business activity: domestic and international guarantees amounting to EUR 1,704 million and leasing, renting, reverse factoring, factoring and German models amounting to EUR 459 million for a period of four years; and the commitment -vis-à-vis the lenders- to automatically defer (in terms and conditions of repayment and maturity similar to those set out for Tranche A in the Financing Agreement) the claimability of certain contingent debt items from the time of accrual, as a result of initiating claims or executing security interests provided in relation to guarantees.

Syndicated International Guarantee Facility

Also, the Refinancing Agreement established the grant of a new international guarantee facility amounting to EUR 250 million extendible to EUR 450 million, for a period of four years, extendible to six (in line with the possible extensions of the Financing Agreement).

Cementos Portland Valderrivas Deferral Agreement

The refinancing also includes the formal arrangement of an agreement entered into in March 2014 with the lending banks of Cementos Portland Valderrivas to defer FCC, S.A.'s obligation to contribute contingent capital of up to EUR 200 million to that subsidiary. The Agreement has a term of four years (extendible to six years), would enter into force from when FCC, S.A.'s contribution obligation became enforceable and would bear, as deferred contingent debt, an interest rate identical to that applicable to Tranche A of the Financing Agreement at any given time.

On 5 February 2015, under the New Restructuring Framework Agreement, EUR 100 million obtained in the 2014 capital increase were contributed to CPV in the form of a subordinated loan, which were used by CPV to reduce its financial indebtedness by this amount while at the same time FCC's obligations under the "CPV Support Agreement" were reduced by this amount.

Also, under the New Restructuring Framework Agreement, in December 2014 the lending entities agreed on the contribution by FCC of EUR 100 million to Azincourt Investment, S.L., also with a charge to the 2014 capital increase, in order to enable it to repay a portion of its debt.

Other recourse borrowings: in addition to the foregoing, and within the recourse borrowings, debts of EUR 21 million at 31 December 2015 should be noted. These are debts arising from the contingencies provided for in the Financial Stability Framework Agreement that were automatically deferred in terms and conditions of repayment and maturity similar to those set out for Tranche A in the Financing Agreement.

2. Borrowings without recourse to the Parent

Includes the financing relating to the Cementos Portland Group and the Alpine Group, since there is a limited guarantee on the part of the Parent of the FCC Group, Fomento de Construcciones y Contratas, S.A.

On 31 July 2012, the Cementos Portland Valderrivas subgroup arranged the refinancing of its most significant borrowings, which were set to mature mainly in 2012 and 2013. The combined amount of the financing was EUR 1,114.1 million, structured in various tranches. This refinancing matures in four years, although it is possible to extend it for an additional year if the Net Financial Debt/EBITDA Ratio at 31 December 2015 is equal to or less than 4.75. The spread to be applied to this financing was 4% in the first two years and 4.5% in subsequent years. Under the agreement, these borrowings are without recourse to the shareholder, FCC.

Notwithstanding the "without recourse to FCC" nature of the borrowings of the Cementos Portland Valderrivas subgroup, FCC, S.A. signed -as part of the syndicated Refinancing Agreement of Cementos Portland Valderrivas- an agreement known as "CPV Support Agreement", whereby it was agreed to contribute up to a maximum of EUR 200 million if certain events occurred in relation to the minimum EBITDA obligations of Cementos Portland Valderrivas.

Since Cementos Portland Valderrivas, S.A. failed to achieve the EBITDA levels required under the "CPV Support Agreement", since 10 October 2014 FCC, S.A. has been liable for paying up to EUR 200 million under this Agreement, although this payment has been deferred and is governed by the same terms and conditions as the Financing Agreement (4.74% in June 2016; 5.53% in June 2017; and 89.72% in June 2018). As mentioned above, in February 2015 EUR 100 million were contributed to Cementos Portland Valderrivas corresponding to a portion of the proceeds from the capital increase performed by Fomento de Construcciones y Contratas, S.A., which were deducted from the obligation to pay EUR 200 million in accordance with the aforementioned "CPV Support Agreement".

On 5 February 2015, CPV made a voluntary early repayment of EUR 100,000 thousand of the outstanding balance of the syndicated loan. This amount was used to pay early EUR 75,000 thousand relating to the repayment instalment scheduled for 30 June 2015 and to pay EUR 250,000 thousand of the immediately subsequent instalment scheduled for 31 July 206. The payment was made with the approval of the group of financial institutions of Cementos Portland Valderrivas, S.A., representing more than 75% of the outstanding debt. With this payment, CPV met its loan principal repayment obligations for all of 2015.

As a result of the failure to achieve the ratios at 31 December 2015, on 4 December 2015 the Company requested and received approval from the financial institutions representing 42.1% of the outstanding balance to suspend their right to demand early maturity of the Financing Agreement solely as a result of the failure to achieve the financial ratios.

On 31 July 2016, the last instalment of the syndicated loan amounting to EUR 823,564 will mature, therefore, all of the debt amounting to EUR 821,885 thousand, net of arrangement costs, was classified as current and negotiations are underway with the financial institutions to renegotiate the terms and conditions of the debt.

3. Limited-recourse project finance loans

Comprising all the financing guaranteed solely by the project itself and by its cash generation capacity, which will support all the debt service payments and which will not be guaranteed by the Parent Fomento de Construcciones y Contratas, S.A. or any other FCC Group company under any circumstances.

- On 21 March 2013, Aqualia Czech, S.L. (at that time a wholly-owned subsidiary of the head of the Water Area, FCC Aqualia, S.A. and, in turn, holder of 98.7% of the shares of SmVak), arranged a syndicated loan of CZK 3,300 million (approximately EUR 122 million at 31 December 2015). This loan was used to:

  (i) repay a syndicated loan from FCC Aqualia, S.A. (two tranches, one of EUR 52 million and the other of CZK 467 million, approximately EUR 17 million at 31 December 2015), which was used at the time as the contribution of FCC Aqualia, S.A. to the capital of Aqualia Czech, S.L. and was set to mature on 31 December 2012 (previously extended to 31 March 2013); and

  (ii) refinance the syndicated loan of Aqualia Czech, S.L., amounting to CZK 1,400 million maturing in May 2015 (approximately EUR 52 million at 31 December 2015).

  The new loan matured on 15 September 2015 and continued at Aqualia Czech, S.L. level, with limited recourse to FCC Aqualia, S.A.

  Also, as indicated previously, in July 2015 SmVak issued a seven-year local bond at a fixed interest rate for an amount of CZK 5,400 million for the early repayment of the aforementioned bond of CZK 2,000 million. Once the current bond has been repaid, the excess funds will be distributed to Aqualia Czech, S.L. and the other SmVak shareholders as a distribution of reserves, a capital reduction and a distribution of results for the year.

  Czech company law requires long time periods for capital reductions to become effective. This required the partial extension of the maturity of Aqualia Czech, S.L.'s current syndicated loan, as its original maturity date (15 September 2015) was prior to the date on which it was expected that the capital reduction at SmVak would become effective (December 2015).

  The principal of the syndicated loan at Aqualia Czech, S.L. level, which amounted to CZK 1,800 million, was repaid in full at 31 December 2015 with funds from a capital reduction and a distribution of reserves of SmVak.

- On 22 January 2014, Azincourt Investment, S.L. (a wholly-owned investee of FCC, S.A. that owns all the shares of FCC Environment UK, formerly WRG) refinanced a syndicated loan without recourse to FCC, S.A., which was arranged in 2006 upon the acquisition of WRG and which matured on 31 December 2013. The refinancing was structured as a new syndicated loan of GBP 381 million, without recourse to FCC, S.A., from the same financial institutions, maturing on 31 December 2017, with the possibility of extending the maturity date by one year if certain conditions are met. Since at 31 December 2014 the conditions necessary to request an extension of the maturity date from 31 December 2017 to 31 December 2018 had been met, the latter will be considered to the current maturity date. The new loan is structured as a "bullet", with a single payment due on maturity, although early repayment mechanisms are envisaged if sufficient cash is available (cash sweep).

  The new loan was structured in two tranches:

  – Tranche A amounting to GBP 100 million, which is divided in turn into two subtranches of GBP 30 million (Tranche A1) and GBP 70 million (Tranche A2). Tranche A1, of GBP 30 million, is formed by the lenders that participated in the new working capital facility, each for an amount equal to their actual share in that facility. Tranche A2 amounts to GBP 70 million and all the lenders participate in proportion to their share of the total debt.

  – Tranche B amounts to GBP 281 million.

  The original maturity of this transaction is 31 December 2017, with the possibility of extending the maturity date by one year (up to 31 December 2018) if certain conditions are met. The agreement requires that certain financial ratios be met.

  The Financing Agreement entered into with the banks includes the contribution of GBP 80 million by FCC, S.A. to Azincourt Investment, S.L. as a capital increase through a monetary contribution.

  Also, FCC Environment UK arranged a new GBP 30 million working capital facility with most of the banks in the syndicate of Azincourt Investment, S.L.'s debt, and a factoring facility to discount trade receivables for the same amount as the working capital facility.

  The obligations acquired by FCC vis-à-vis the lending banks of Azincourt, under the loan agreement and the "Topco Deed of Undertaking" entered into on 22 January 2014, included the obligation to use 10% of the proceeds from any capital increase performed by FCC to repay the debt of Azincourt to the financing banks. The maximum amount corresponding to the 10% obligation was EUR 100 million.

  In compliance with this obligation, at 31 December 2014 the equivalent in pounds sterling of the EUR 100 million from the capital increase (GBP 78,494 thousand), were used to repay 30% and 70% of Tranches A1 and A2, respectively. In addition, GBP 78,494 thousand of Tranche B were transferred to a new tranche called Tranche A3 (reallocation) that bears the same borrowing costs as the existing Tranche A.

  Following the aforementioned repayment of EUR 100 million and the sale of an asset, the amount of the loan was reduced at 30 June 2015 to GBP 300.25 million, divided into the following tranches:

  – Tranche A amounts to GBP 100 million. The borrowing costs associated with this tranche are as follows: LIBOR + 275 bps in 2015, LIBOR + 325 bps in 2016, LIBOR + 400 bps in the remaining years. Tranche A is subdivided into three tranches of GBP 5.7 million (A1), GBP 13.4 million (A2) and GBP 80.9 million (A3) with the same spread for each tranche.

  – Tranche B, for GBP 200.25 million, with borrowing costs of LIBOR + 105 bps until 2016 (inclusive), LIBOR + 180 bps in 2017 and LIBOR + 255 bps in 2018.

  The remaining limited recourse project finance debt up to the total EUR 572,937 thousand corresponds to the debt of the companies composing the FCC Environment (UK) Group.

In relation to the limited recourse project financing loans arranged by the Group, there are certain obligatory ratios which must be achieved, all of which had been achieved at 31 December 2015 and therefore the Group's main financing agreements were not affected.

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2015 and 2014, is as follows:

	Euros	US dollar	Pound sterling	Czech koruna	Other	Total
2015						
Credit facilities and loans	3,810,091	10,053	—	—	12,404	3,832,548
Borrowings without recourse to the Parent	836,578	—	—	—	158	836,736
Limited recourse project financing loans	136,611	—	804,189	7,683	29,917	978,400
	4,783,280	**10,053**	**804,189**	**7,683**	**42,479**	**5,647,684**
2014						
Credit facilities and loans	3,790,070	12,184	—	—	1,781	3,804,035
Borrowings without recourse to the Parent	935,801	—	—	—	4,268	940,069
Limited recourse project financing loans	190,323	—	682,360	110,020	29,586	1,012,289
	4,916,194	**12,184**	**682,360**	**110,020**	**35,635**	**5,756,393**

The credit facilities and loans denominated in US dollars are being used mainly to finance companies in Central America in the Construction Area; those arranged in pounds sterling fund assets of the FCC Environment Group in the UK; and those arranged in Czech koruna are being used to finance the operations of SmVak (Severomoravské Vodovody a Kanalizace Ostrava, A.S.) in the Czech Republic.

c) Other non-current financial liabilities

	2015	2014
Non-current		
Obligations under finance leases	38,352	37,864
Financial borrowings - non-Group third parties	158,818	144,648
Liabilities relating to financial derivatives	35,608	39,199
Guarantees and deposits received	31,102	29,383
Other	6,933	6,248
	270,813	**257.342**

"Liabilities Relating to Financial Derivatives" includes mainly financial derivatives designated as hedging instruments, basically interest rate swaps (see Note 24).

d) Other current financial liabilities

	2015	2014
Current		
Obligations under finance leases	23,794	15,763
Financial borrowings - non-Group third parties	57,612	47,457
Payable to non-current asset suppliers and notes payable	50,650	49,510
Payable to associates and joint ventures	26,278	10,604
Liabilities relating to financial derivatives	8,243	16,061
Other	34,610	3,489
	201,187	**142,884**

It should be noted in relation to "Liabilities Relating to Financial Derivatives", the detail of which is provided in Note 24 "Derivative Financial Instruments", that the balance for 2015 relates substantially in full to the measurement of financial derivatives designated as hedging instruments, mainly interest rate swaps.

"Other" at 31 December 2015 includes an amount of EUR 32,880 thousand for the capital payment called in relation to the capital increase of Realia Business, S.A.

e) Repayment schedule

The repayment schedule for the bank borrowings, debt instruments and other marketable securities and other non-current financial liabilities is as follows:

	2017	2018	2019	2020	2021 and ubsequent years	Total
2015						
Debt instruments and other marketable securities	—	437,399	—	446,524	197,027	1,080,950
Non-current bank borrowings	221,058	3,826,744	31,859	39,176	208,198	4,327,035
Other financial liabilities	47,412	19,385	47,798	16,642	139,576	270,813
	268,470	**4,283,528**	**79,657**	**502,342**	**544,801**	**5,678,798**

22. Other Non-Current Liabilities

The detail at 31 December 2015 and 2014 is as follows:

	2015	2014
Public Administrations - long-term deferrals	26,267	162,319
Other non-current liabilities	30,838	29,882
	57,105	**192,201**

The Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury authorised deferral in 2011 to 2014, inclusive, of the payment of certain taxes and Social Security contributions due to the delay in collection from public-sector customers. This deferred amount is payable monthly up to a maximum of four years at an interest rate of 4-5%.

23. Trade and Other Payables

The detail of "Trade and Other Payables" in the consolidated balance sheets as at 31 December 2015 and 2014 is as follows:

	2015	2014
Payable to suppliers	1,244,010	1,405,588
Current tax liabilities (Note 25)	11,113	14,978
Public Authorities - deferrals (Note 25)	108,946	169,345
Other accounts payable to Public Authorities (Note 25)	325,247	384,815
Customer advances (Note 16)	729,067	755,516
Remuneration payable	73,625	85,023
Other payables	425,012	431,734
	2,917,020	**3,246,999**

In relation to the Resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 January 2016 implementing Additional Provision Two of Law 31/2014, of 3 December, which amends Additional Provision Three of Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2015 that in Spain the Group operates mainly with public-sector customers such as the State, Autonomous Communities, Local Corporations and other public bodies which take longer to settle their payment obligations than the periods established in Public Sector Contract Legislation and in Law 3/2004, of 29 December, on combating late payment in commercial transactions.

It is also important to note that the provisions of Article 228.5 of the current Consolidated Text of the Public Sector Contract Law ("TRLCSP") were applied to work and supplies arising from agreements entered into by the Group with the various Public Authorities.

Due to this situation, in order to adapt the Group's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Group operates were maintained throughout 2015.

The Group's supplier payment policy described in the two preceding paragraphs is thus supported by a) payments to suppliers under agreements entered into by the Group with the Public Authorities in accordance with the requirements of Article 228.5 of the TRLCSP; and b) payments to other suppliers, in Transitional Provision Two of Law 15/2010 and, where applicable, the provisions of Article 9 of Law 3/2004, which does not consider "payment deferral due to objective reasons" to be abusive, taking into consideration in both case a) and case b) the usual payment period in the business sectors in which the Group operates.

Furthermore, the Group acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides them with negotiable payment methods associated with actions for collection of a bill of exchange. Such agreements, which are expressly provided for in the TRLCSP, as described above, are also allowed by Directive 2011/7/EU of 16 February, of the European Parliament and of the Council.

In addition, the Group has entered into reverse factoring and similar agreements with various financial entities in order to facilitate early payment to its suppliers, under which the supplier may exercise its collection right with the Group companies or entities, obtaining the amount billed less the finance costs of discounting and fees applied by the aforementioned entities and, in some cases, amounts retained as security. The facilities arranged total EUR 150,558 thousand, against which EUR 66,346 thousand had been drawn down at 31 December 2015. The aforementioned agreements do not modify the main payment conditions contained therein (interest rate, term or amount) and, therefore, they remain classified as trade payables.

In compliance with the aforementioned Resolution, the following table provides information on the average period of payment to suppliers of the entities located in Spain, for those commercial transactions which have accrued since the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014.

	2015
	Days
Average period of payment to suppliers	99
Ratio of transactions settled	87
Ratio of transactions not yet settled	120
	Amount
Total payments made	1,023,230
Total payments outstanding	558,274

For the purposes of the aforementioned Resolution, these consolidated financial statements are considered to be initial financial statements and, therefore, comparative data for the previous year are not presented.

24. Derivative Financial Instruments

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in Note 3-p to these consolidated financial statements, i.e. they are transactions that hedge actual positions.

The main financial risk hedged by the FCC Group using derivative instruments relates to fluctuations in the floating interest rates to which the Group companies' financing is tied.

At 31 December 2015, the FCC Group had arranged, at its fully consolidated companies, hedging transactions with derivative instruments totalling EUR 549,581 thousand (31 December 2014: EUR 585,939 thousand) mainly in the form of IRSs in which the Group companies pay fixed rates and receive floating rates.

The detail of the hedges and their fair value for the fully consolidated companies is as follows:

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/14	Notional amount at 31/12/15	Fair value at 31/12/14	Fair value at 31/12/15	Expiry
Fully consolidated companies								
Fomento de Construcciones y Contratas, S.A.	IRS	CF	38%	8,881	8,376	(1,345)	(1,192)	02/04/2024
	IRS	CF	19%	4,441	4,188	(673)	(596)	02/04/2024
	IRS	CF	12%	2,845	2,684	(431)	(382)	02/04/2024
	IRS	CF	11%	2,507	2,364	(382)	(337)	02/04/2024
Azincourt Investment, S.L.	Opción	CF	67%	324,056	346,157	1,266	281	29/12/2017
RE3 Ltd.	IRS	CF	82%	32,658	33,162	(6,913)	(6,287)	30/09/2029
Kent	IRS	CF	34%	44,312	42,695	(8,338)	(7,252)	31/03/2027
	IRS	CF	14%	18,991	18,298	(3,594)	(3,116)	31/03/2027
	IRS	CF	25%	32,531	30,497	(5,963)	(5,184)	31/03/2027
FCC Wrexham PFI Ltd.	IRS	CF	96%	27,858	27,800	(7,121)	(6,658)	30/09/2032
FCC Buckinghamshire PFI Ltd.	Currency forward	CF	100%	31,561	6,332	(2,672)	(703)	29/01/2016
	Currency forward	CF	100%	31,561	6,332	(2,672)	(703)	29/01/2016
Depurplan 11, S.A.	IRS	CF	65%	6,187	5,641	(1,344)	(1,154)	01/12/2025
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	IRS	CF	80%	5,233	3,552	(368)	(185)	15/12/2017
Integraciones Ambientales de Cantabria, S.A.	IRS	CF	75%	12,317	11,503	(1,583)	(1,342)	31/12/2022
Total fully consolidated companies				**585,939**	**549,581**	**(42,133)**	**(34,810)**	

The detail, by expiry date, of the notional amount of the hedging transactions arranged at 31 December 2015 is as follows:

	2016	2017	2018	2019	2020 and subsequent years
Fully consolidated companies	30,091	362,031	12,506	14,587	130,366

At 31 December 2015, the total of the hedges of the companies accounted for using the equity method amounted to EUR 804,965 thousand (31 December 2014: EUR 836,043 thousand) and their fair value amounted to EUR (219,179) thousand (31 December 2014: EUR (238,113) thousand).

The total of the hedges of discontinued operations amounted to EUR 523,522 thousand (31 December 2014: EUR 579,975 thousand) and their fair value at 31 December 2015 amounted to EUR (96,891) thousand (31 December 2014: EUR (128,083) thousand).

The detail of the financial derivatives arranged by the Company for hedging purposes, but which do not qualify for hedge accounting, is as follows:

Fully consolidated companies	Type of derivative	Type of hedge	Notional amount at 31/12/14	Notional amount at 31/12/15	Fair value at 31/12/14	Fair value at 31/12/15	Expiry
.A.S.A. Abfall Service Zistersdorf GmbH	COLLAR	SP	49,333	44,000	(8,421)	(7,015)	28/03/2024
FCC Wrexham PFI (Phase II) Ltd.	IRS	CF	11,338	11,666	(572)	(561)	30/09/2032
	IRS	CF	11,338	11,666	(625)	(601)	30/09/2032
FCC Buckinghamshire PFI Ltd	IRS	CF	29,796	46,882	(302)	(116)	29/04/2016
	IRS	CF	29,796	46,882	(303)	(116)	29/04/2016
	IRS	CF	29,796	46,882	(302)	(116)	29/04/2016
	IRS	CF	29,796	46,882	(303)	(116)	29/04/2016
	IRS	CF	29,796	46,882	(303)	(116)	29/04/2016
Aqualia Czech, S.L.	Forward IRS	CF	35,035	—	(193)	—	15/09/2015
	Forward IRS	CF	35,035	—	(193)	—	15/09/2015
	Forward IRS	CF	11,678	—	(64)	—	15/09/2015
Total fully consolidated companies			**302,737**	**301,742**	**(11,581)**	**(8,757)**	

Following is a detail, by expiry, of the notional amount of the derivatives that do not qualify for hedge accounting:

	Notional expiry				
	2016	2017	2018	2019	2020 and subsequent years
Fully consolidated companies	240,724	6,362	6,419	6,502	41,735

25. Tax Matters

This Note describes the headings in the accompanying consolidated balance sheet and consolidated statement of profit or loss relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

Under authorisation 18/89, the Parent of the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation. The subsidiaries that carry on the Environmental Services activity in the UK also file consolidated tax returns.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the Tax Authorities for the taxes applicable to it. On 8 June 2015, the State Tax Agency's Department of Tax and Customs Control served notice of the commencement of a tax audit for income tax (periods from 01/2010 to 12/2013) and VAT (periods from 01/2012 to 12/2013). With respect to income tax, the audit will be conducted on all the 18/89 tax group, whereas the audit for VAT affects the Parent, Fomento de Construcciones y Contratas, S.A., and certain subsidiaries. In view of the criteria that the tax authorities might adopt in the interpretation of the tax legislation, the outcome of the tax audits currently under way and the tax audits of the open years that could be conducted by the Tax Authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, Group management considers that any liabilities that might arise in connection with the years open for review would not significantly affect the Group's equity.

With respect to the years audited, it should be noted that the Group has not been issued tax assessments for significant amounts in the last four years and has filed the corresponding appeals, unless it has signed assessments on an uncontested basis.

a) Deferred tax assets and liabilities

The deferred tax assets arise mainly as a result of provisions and impairment and other losses recognised on assets classified as held for sale, the deconsolidation of Alpine, non-deductible borrowing costs that will become deductible from the income tax base in future years and differences between depreciation and amortisation for accounting and tax purposes. In general, each year the Group companies take the tax credits provided for under tax legislation and, therefore, the deferred tax assets do not include any material tax credit carryforwards.

Group management evaluated the recoverability of the deferred tax assets by estimating the future tax bases corresponding to Spanish tax group 18/89 and concluded that there were no doubts as to their recovery through the generation of future taxable profits.

The estimates used to assess the recoverability of the deferred tax assets are based on the plan launched in 2013 with the aim of reducing financial debt, reinforcing cash generation and focusing the activity on the Group's priority strategic areas, which materialised in a divestment plan for the Group's non-strategic activities or those in which the Group lacked a position of leadership, and in a cost-reduction programme.

The measures carried out as part of the aforementioned plan include the following: i) cuts to structural staff, affecting significantly the Construction and Cement Areas in order to adapt the workforce to the current conditions of the Spanish market; ii) reorganisation in the Environmental Services and Water Operating Areas to improve the efficiency of the contracts and simplify the structure of the workforce; iii) elimination of non-profitable contracts in the Cement Area; iv) reduction of costs at facilities as a result of the reduced space used; v) divestments of non-strategic businesses; and vi) other ad hoc measures.

To the foregoing measures must be added the reinforcement of the Company's capital structure through the capital increase of EUR 1,000 million performed at the end of 2014, which enabled debt to be reduced through the partial repayment and restructuring of Tranche B included in the refinancing of its bank borrowings arranged in 2014, with the consequent saving in borrowing costs. Also, on 17 November 2015 the Board of Directors approved a new capital increase of EUR 709,519 thousand, which at the date of authorisation for issue of these consolidated financial statements was being carried out (see Notes 18 and 34).

As a result of the aforementioned measures, the consolidated statement of profit or loss for the year ended 31 December 2015 reflects a recovery of the result from continuing operations, which is now positive. The negative results are attributable to the discontinued operations, specifically the sale of Cemusa completed in November (see Note 4). The estimates for future years are based on Group management's strategic plans and budgets, and the main assumptions used are the following: reduction of net financial debt and, as a result, of borrowing costs; maintenance of the results of the Environmental Services and Water Areas, together with the stabilisation of the Construction and Cement businesses in Spain, and the improved performance of the Construction activity at international level and continued control over costs.

All of the foregoing will make it possible to improve earnings and to obtain sufficient taxable profits to absorb both the tax losses recognised in the consolidated balance sheet and the deferred tax assets in an estimated period of around ten years.

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies and tax group 18/89 recognised deferred tax assets relating to tax losses amounting to EUR 154,440 thousand (31 December 2014: EUR 145,117 thousand), since they considered that there are no doubts as to their recoverability.

Deferred tax liabilities arose mainly as a result of:

- The differences between the tax base and the carrying amount resulting from the recognition of assets at fair value in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in Notes 3-b and 5. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.
- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, and the accelerated depreciation of the investments made, enabling them to be depreciated in full provided that certain requirements are met.
- The profit of joint ventures that will be included in the income tax base for the following year.
- The deductibility for tax purposes of the goodwill arising on the acquisition of non-resident companies prior to 2008.

In 2015 a decrease of EUR 7,712 thousand (31 December 2014: decrease of EUR 6,072 thousand) arising from the tax effect of translation differences and the adjustment of the fair value of financial instruments was recognised in equity under "Valuation Adjustments" and "Non-Controlling Interests" with a balancing entry in the related deferred tax accounts.

The detail of the main deferred tax assets and liabilities is a follows:

Deferred tax assets	2015	2014
Provisions and impairment losses	427,108	473,543
Tax loss carryforwards	154,440	145,117
Non-deductible finance costs	126,721	123,943
Deferred tax assets arising on translation differences	53,068	50,801
Pension plans	41,260	41,544
Differences between depreciation and amortisation for accounting and tax purposes	32,835	28,466
Other	196,362	180,797
Total	**1,031,794**	**1,044,211**

Deferred tax liabilities	2015	2014
Differences arising from recognition of assets at acquisition-date fair value (IFRS 3)	186,024	195,360
Accelerated depreciation and amortisation	53,474	58,746
Profit (Loss) of unincorporated temporary joint ventures (UTEs)	32,425	25,000
Non-deductible impairment of goodwill	25,753	27,268
Deferred tax asset arising from translation differences	12,120	17,575
Finance leases	8,267	11,817
Adjustment arising from exchange rate differences - Azincourt	—	79,483
Other	161,485	147,117
	479,548	**562,366**

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

	2016	2017	2018	2019	2020 and subsequent years	Total
Assets	140,003	30,707	21,965	18,907	820,212	**1,031,794**
Liabilities	93,241	15,216	34,558	14,452	322,081	**479,548**

The Group has tax loss carryforwards amounting to EUR 273.0 million that were not recognised in the financial statements in accordance with the accounting principle of prudence. The estimated expiry of the unrecognised tax loss carryforwards is as follows:

Expiry schedule	Tax assets (in millions of euros)
2016 to 2020	42.1
2021 to 2025	9.6
2026 and subsequent years	169.4
Unlimited	51.9
	273.0

Furthermore, the Group has unrecognised tax assets relating to reported, unused tax credits, totalling EUR 6.6 million.

The Group also has unrecognised tax assets amounting to EUR 325.0 million relating to the impairment loss recognised by Fomento de Construcciones, S.A. in prior years on its ownership interest in Azincourt, S.L., a holding company which holds the shares of the British company FCC Environment (UK). The amount of the impairment recognised, which was deemed to be non-deductible for income tax purposes, amounts to EUR 1,300.1 million. This amount could be deductible for income tax purposes in the future if Azincourt, S.L. were to cease to form part of the Group.

b) Current tax receivables and payables

The detail at 31 December 2015 and 2014 of the current tax assets and liabilities is as follows:

Current assets

	2015	2014
VAT refundable (Note 16)	94,564	94,871
Current tax (Note 16)	31,564	14,308
Other taxes (Note 16)	49,496	79,716
	175,624	**188,895**

Current liabilities

	2015	2014
VAT payable (Note 23)	95,995	108,929
Current tax (Note 23)	11,113	14,978
Accrued social security and other taxes payable (Note 23)	229,252	275,886
Deferrals (Note 23)	108,946	169,345
	445,306	**569,138**

c) Income tax expense

The income tax benefit accrued in 2015 amounted to EUR 40,846 thousand (2014: EUR 64,171 thousand), as shown in the accompanying consolidated statement of profit or loss. The reconciliation of the tax benefit to the accrued tax charge is as follows:

	2015			2014		
Consolidated profit (loss) for the year before tax from continuing operations			**(5,701)**			**(818,812)**
	Increase	**Decrease**		**Increase**	**Decrease**	
Consolidation adjustments and eliminations	—	(36,431)	(36,431)	87,687	—	87,687
Permanent differences	154,066	(22,362)	131,704	124,164	(52,899)	71,265
Adjusted consolidated accounting profit (loss) from continuing operations			**89,572**			**(659,860)**
Temporary differences						
– Arising in the year	200,501	(108,662)	91,839	538,813	(92,802)	446,011
– Arising in prior years	167,685	(162,793)	4,892	850,484	(259,931)	590,553
Income and expense recognised directly in equity			(68)			(35,000)
Consolidated taxable profit (tax loss) from continuing operations			**186,235**			**341,704**

With respect to the table above, in light of the significance of the amounts, it is important to note that the income tax base is the best estimate available at the date of preparation of these consolidated financial statements. The definitive amount payable will be calculated on settlement of the tax in 2016 and, accordingly, the final settlement may vary on the basis of any adjustments made for temporary differences until that time, as explained in Note 3-q to these consolidated financial statements. Noteworthy in 2014 among the increases in temporary differences arising in prior years was the impact of the impairment losses recognised on the property, plant and equipment of the FCC Environment (UK) Group (see Notes 7, 8 and 28).

The reconciliation of the income tax benefit is as follows:

	2015	2014
Adjusted consolidated accounting profit (loss) from continuing operations	89,572	(659,860)
Income tax charge	(11,208)	142,469
Tax credits and tax relief	(1,565)	7,985
Adjustments due to change in tax rate	(10,724)	(60,302)
Other adjustments	64,343	(25,981)
Income tax	**40,846**	**64,171**

"Other Adjustments" in the foregoing table includes income amounting to EUR 79,483 thousand in relation to the reversal of deferred tax liabilities relating to Azincourt Investment, S.L.U. The aforementioned company was initially incorporated in Spain and up to 2012 formed part of the Spanish consolidated tax group. At the end of 2013 it transferred its effective headquarters and, consequently, its tax domicile to the UK. Accordingly, it ceased to form part of the aforementioned tax group. The Group decided to submit a request for a ruling to the Spanish Directorate-General of Taxes in relation to the treatment of a deferred tax liability recognised at the aforementioned company in connection with losses arising from exchange rate differences. Once it had received the ruling requested, it was deemed that as a result of the company's exclusion from the Spanish tax jurisdiction a deferred tax liability had arisen.

The main components of income tax, making a distinction between current tax, i.e. the income taxes payable (recoverable) in respect of taxable profit (tax loss) for the year, and deferred tax, which is the impact on profit or loss of the origination or reversal of temporary differences that affect the amount of the deferred tax assets and liabilities recognised in the consolidated balance sheet, is as follows:

	2015	2014
Current tax	(50,221)	(93,299)
Deferred tax	101,791	217,772
Adjustments due to change in tax rate	(10,724)	(60,302)
Income tax	**40,846**	**64,171**

The "Adjustments Due to Change in Tax Rate" are a result mainly, on the one hand, of the reduction in the Spanish income tax rate from the previous rate of 30% to 28% in 2015 and 25% in 2016, which in 2014 led to the adjustment of the deferred tax assets and liabilities for which the timing of their reversal was estimated, which was readjusted in 2015 and gave rise to an expense at 31 December 2015 of EUR 14,191 thousand (31 December 2014: EUR 82,125 thousand). On the other hand, the UK reduced its tax rate in 2014 from 23% to 21% and in 2015 a further reduction of the tax rate to 20% took place, which gave rise to an income of EUR 3,467 thousand at 31 December 2015 (31 December 2014: EUR 18,223 thousand), a consequence mainly of the reversal of deferred tax liabilities recognised on acquisition of the FCC Environment (UK) subgroup, as its assets were recognised at fair value, as established in IFRS 3 (see Note 3-b).

26. Pension Plans and Similar Obligations

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Text of the Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension commitments and other similar obligations to employees.

In addition, following authorisation by the Executive Committee, in the past the Parent arranged an insurance policy and paid the premium to cover the payment of benefits relating to death, permanent labour disability, retirement bonuses and pensions and other situations for, among other employees, certain Executive Directors and Executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

a) Unilateral decision of the Company.
b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
c) Death or permanent disability.
d) Other causes of physical or legal incapacity.
e) Substantial change in professional terms and conditions.
f) Resignation of the Executive on reaching 60 years of age, at the request of the Executive and with the consent of the Company.
g) Resignation of the Executive on reaching 65 years of age, by unilateral decision of the Executive.

An expense of EUR 1,711 thousand and income of EUR 609 thousand relating to rebates on premiums paid previously were recognised in the accompanying consolidated statement of profit or loss for 2014. In 2015 no income or expenses were recognised in this connection. At 31 December 2015, the fair value of the contributed premiums covered all of the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2015 includes the present value, totalling EUR 2,716 thousand (2014: EUR 2,786 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former Executives. Also, remuneration amounting to EUR 221 thousand in 2015 was paid with a charge to this provision (2014: EUR 221 thousand).

Certain of the Group's foreign subsidiaries have undertaken to supplement the retirement benefits and other similar obligations accruing to their employees. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under "Long-Term Provisions – Long-Term Employee Benefit Obligations" in the accompanying consolidated balance sheet, in accordance with IFRSs (see Note 20).

The main benefits referred to in the preceding paragraph are as follows:

– The accompanying consolidated balance sheet as at 31 December 2015 includes the employee benefit obligations of the FCC Environment (UK) Group companies resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 54,338 thousand (31 December 2014: EUR 49,855 thousand), and the actuarial value of the accrued obligations amounted to EUR 58,067 thousand (31 December 2014: EUR 55,221 thousand). The net difference, representing a liability of EUR 3,729 thousand (31 December 2014: EUR 5,366 thousand), was recognised under "Long-Term Provisions" in the accompanying consolidated balance sheet. "Staff Costs" in the accompanying consolidated statement of profit or loss includes a cost of EUR 628 thousand (31 December 2014: EUR 598 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 3.8% (2014: 3.9%).

– The accompanying consolidated balance sheet as at 31 December 2015 includes the employee benefit obligations of Telford & Wrekin Services, Ltd., resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 28,078 thousand (31 December 2014: EUR 25,399 thousand), and the actuarial value of the accrued obligations amounted to EUR 31,407 thousand (31 December 2014: EUR 28,029 thousand). The net difference, representing a liability of EUR 3,329 thousand (31 December 2014: EUR 2,630 thousand), was recognised under "Long-Term Provisions" in the accompanying consolidated balance sheet.

– Giant Cement Holding, Inc., a US resident company, has undertaken to supplement the retirement benefits of its employees. The valuation of the plan assets and the accrued obligations was performed by independent actuaries. The projected unit credit method was used for this purpose, with an average actuarial discount rate of 4.5% (4.1% in 2014). At 31 December 2015, the fair value of the plan assets amounted to EUR 49,295 thousand (2014: EUR 46,650 thousand), and the actuarial value of the obligations for benefits earned amounted to EUR 73,452 thousand (2014: EUR 70,797 thousand).

  Also, Giant Cement Holding, Inc. has undertaken to continue to pay for the healthcare and life insurance of certain employees after termination of their employment, amounting to EUR 36,399 thousand (2014: EUR 43,581 thousand).

  The accrued obligations payable are included in the accompanying consolidated balance sheet under "Long-Term Provisions".

The detail of the changes in 2015 in the obligations and assets associated with the pension plans and similar obligations is as follows:

2015

Actual evolution of the present value of the obligation

	FCC Environment (UK) Group	Telford & Wrekin Services	Giant
Balance of obligations at beginning of year	**55,221**	**28,029**	**114,378**
Current service cost	334	431	543
Interest cost	2,253	1,144	4,970
Changes in the plan	—	—	(6,647)
Contributions by participants	20	113	107
Actuarial gains/losses	(1,662)	774	(9,608)
Changes due to exchange rate	3,381	1,716	13,011
Benefits paid in 2015	(1,480)	(800)	(6,903)
Balance of obligations at end of year	**58,067**	**31,407**	**109,851**

Actual evolution of the fair value of the plan assets

	FCC Environment (UK) Group	Telford & Wrekin Services	Giant
Balance of plan assets at beginning of year	**49,855**	**25,399**	**46,650**
Expected return on assets	2,048	1,051	17
Actuarial gains/losses	(583)	139	—
Changes due to exchange rate	3,052	1,555	5,319
Contributions by the employer	1,556	621	4,105
Contributions by participants	21	113	107
Benefits paid	(1,480)	(800)	(6,903)
Settlements	(131)	—	—
Balance of plan assets at end of year	**54,338**	**28,078**	**49,295**

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	FCC Environment (UK) Group	Telford & Wrekin Services	Giant
Net balance of obligations less plan assets at end of year	**3,729**	**3,329**	**60,556**

2014

Actual evolution of the present value of the obligation

	FCC Environment (UK) Group	Telford & Wrekin Services	Giant
Balance of obligations at beginning of year	**46,722**	**23,996**	**84,486**
Current service cost	387	401	518
Interest cost	2,275	1,163	3,997
Contributions by participants	23	116	82
Actuarial gains/losses	4,035	1,498	19,631
Changes due to exchange rate	3,288	1,688	11,387
Benefits paid in 2014	(1,523)	(881)	(5,723)
Past service cost	14	48	—
Balance of obligations at end of year	**55,221**	**28,029**	**114,378**

Actual evolution of the fair value of the plan assets

	FCC Environment (UK) Group	Telford & Wrekin Services	Giant
Balance of plan assets at beginning of year	**44,180**	**21,283**	**40,977**
Expected return on assets	2,185	1,045	2,237
Actuarial gains/losses	434	1,716	—
Changes due to exchange rate	3,109	1,497	5,581
Contributions by the employer	1,555	623	2,105
Contributions by participants	23	116	1,473
Benefits paid	(1,523)	(881)	(5,723)
Settlements	(108)	—	—
Balance of plan assets at end of year	**49,855**	**25,399**	**46,650**

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	FCC Environment (UK) Group	Telford & Wrekin Services	Giant
Net balance of obligations less plan assets at end of year	5,366	2,630	67,728

27. Guarantee Commitments to Third Parties and Other Contingent Liabilities

At 31 December 2015, the Group had incurred contingent liabilities of EUR 4,495,544 thousand (31 December 2014: EUR 4,465,991 thousand) representing mainly guarantees to third parties, consisting mostly of completion bonds provided to Government Agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see Note 20). The lawsuits, although numerous, represent scantly material amounts when considered individually. Accordingly, on the basis of past experience and the existing provisions, the resulting liabilities would not have a significant effect on the Group's equity.

With respect to the main contingent liabilities arising from the insolvency proceedings of the Alpine subgroup, it should be noted that the potential financial effects would be the outflow of cash of the amount indicated in the related claims detailed in Note 20 to these consolidated financial statements. In relation to the complaints filed on the one hand, by a bondholder against certain directors of Alpine Holding, GmbH, auditors of Alpine their partners and, on the other, a former director of Banco Hypo Alpe Adria, both are cases of complaints filed in the criminal jurisdiction, which are still being investigated and, therefore, the criminal liability (and civil liability that might arise and which is the sole quantifiable liability) prevent the determination of an amount and timing of the potential outflow of benefits until the amount that might arise in connection with the liability can be determined. In turn, the court proceedings brought by the insolvency managers of Alpine Holding GmbH for EUR 186 million are at a very preliminary stage and, since they constitute a new procedure, the legal arguments put forward by the parties, and the lack of any clear case law doctrine, it is to be supposed that the such proceedings may reach the Supreme Court, a situation which would give rise to a significant delay in the timing of the court proceedings, which, based on the preliminary estimates of the Group, could go on until 2020. In all cases, the possibility of indemnity payments is remote or practically non-existent.

In addition to the lawsuits related to Alpine, it should be noted that on 15 January 2015 the Competition Section of the Spanish National Markets and Competition Commission issued a resolution in relation to case file S/0429/12 for an alleged infringement of Article 1 of Spanish Competition Law 15/2007. The aforementioned resolution affects various companies and associations in the waste industry, including FCC and other companies in the FCC Group. The Group filed an appeal for judicial review requesting as a precautionary measure the suspension of the enforcement of the resolution. On 29 April 2015, the Competition Section of the Spanish National Markets and Competition Commission agreed to suspend the enforcement of the resolution without the provision of a guarantee and on 10 September the Group submitted the statement of claim. No provision was recognised to cover the financial consequences of the aforementioned resolution, since it is considered that it is a court proceeding with a right of appeal and in which the definitive penalty to be imposed, where applicable, shall be specified in the decisions to be handed down and, accordingly, there is uncertainty as to the outcome of the aforementioned resolution, which does not allow for a reliable estimate to be made of the potential amount to be paid. The penalty imposed amounts to EUR 16,880 thousand and it is estimated that the potential cash outflow could be scheduled over a minimum period of three and a half or four years. Given the characteristics of the lawsuit, no indemnity payments will arise under any circumstance. However, the Group estimates that it is not likely that an outflow of resources will take place as a result of the aforementioned action.

The FCC Group and the OHL Group each hold 50% of a consortium in Canada. At the beginning of May 2014 the consortium filed court proceedings at the Courts of Ontario against its customer, the Toronto Transit Commission (TTC), amounting to CAD 205 million (EUR 135.6 million at the exchange rate prevailing at 31 December 2015), for claims, costs incurred by the consortium arising from the poor management of the contract and the indirect costs resulting from the claims. In relation to the proceedings, it is important to indicate that the

contract established the impossibility of submitting disputes before the courts until the work had been completed, but, since Ontario's Limitations Act, 2002, indicates that the deadline for the submission of any type of commercial claim expires after two years, on the basis of recommendations of external lawyers, a decision was made to submit it. On 15 August 2014, the customer responded to the action by rejecting the amounts claimed and filing a counter-claim for CAD 37.7 million (EUR 24.9 million at the exchange rate prevailing at 31 December 2015). On 7 November 2014, the consortium submitted their objections to the aforementioned counter-claim. On 19 January 2015, the customer filed a motion to delay the trial arguing that the claim was premature, since the agreement prohibits the initiation of legal actions prior to the completion of the work. The hearing for the motion took place on 21 April 2015 and a resolution has yet to be handed down in this connection. Presumably, the judge will accept the customer's motion and, therefore, the court proceeding will be suspended and will not be resumed until completion of the work, and the judge will be obliged to resolve the dispute vis-à-vis the possible extinguishment of the claims. At best, it is considered that the trial, if it takes place, will not be held until the early months of 2018; however if the motion is accepted, the date of the trial could be postponed until the beginning of 2019. The Group did not recognise any provisions or impairment losses in this connection, as the amounts claimed were not recognised in its consolidated financial statements.

It should be noted that the Group has two court proceedings underway in relation to the refinancing process performed in 2014 (see Note 21). On the one hand, the court approval procedure applied to all the creditors in the syndicated loan was challenged by three creditors; on the other, the legal actions brought by a group of holders of convertible bonds to request payment of the accounts payable to them on an individual basis.

At 2015 year-end Group management had not approved any restructuring plans.

The Group has other lawsuits and court proceedings underway in addition to those detailed above from which no significant outflows or cash are expected to arise.

In relation to the Group companies' interests in joint operations managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements and other entities of a similar nature, the venturers share joint and several liability with respect to the activity carried on (see Note 13).

It should be noted in relation to the guarantees enforced or provided that the FCC Group has not obtained significant assets as a result of guarantees enforced in its favour.

28. Income and Expenses

a) Operating income

The Group classifies operating income under “Revenue”, including the interest income earned on the collection rights arising under the financial asset concession model pursuant to IFRIC 12 amounting to EUR 12,417 thousand at 31 December 2015 (31 December 2014: EUR 11,081 thousand), with the exception of the in-house work on non-current assets and other income, such as grants related to income, emission allowances, etc.

Note 29, “Segment Reporting” shows the contribution of the business lines to consolidated revenue.

The detail of “Other Operating Income” in 2015 and 2014 is as follows:

	2015	2014
Income from sundry services	83,940	114,585
CO_2 emission allowances (Note 30)	3,895	20,783
Compensation received from insurance companies	6,595	5,490
Grants related to income	13,520	13,810
Other income	78,027	63,946
	185,977	**218,614**

b) Changes in inventories of finished goods and work in progress

It should be noted that in 2015 “Changes in Inventories of Finished Goods and Work in Progress” includes the write-down recognised on inventories amounting to EUR 98,518 thousand, offset in part by the reversal of the provision of EUR 33,750 thousand recognised under “Other Operating Income” as a result of the novation of the construction contract with Atlético de Madrid (see Note 15).

c) Procurements

The detail of "Procurements" at 31 December 2015 and 2014 is as follows:

	2015	2014
Work performed by subcontractors and other companies	1,416,215	1,179,258
Purchases and procurements	998,938	1,041,659
	2,415,153	**2,220,917**

d) Staff costs

The detail of "Staff Costs" in 2015 and 2014 is as follows:

	2015	2014
Wages and salaries	1,431,569	1,468,392
Social security costs	389,427	411,521
Other staff costs	37,630	36,783
	1,858,626	**1,916,696**

The average number of employees at the Group, by professional category, in 2015 and 2014 was as follows:

	2015	2014
Managers and university graduates	1,887	1,971
Professionals with qualifications	4,865	5,712
Clerical and similar staff	3,662	5,940
Other salaried employees	47,121	49,799
	57,535	**63,422**

Of the number of employees included in the foregoing table, 610 discharged duties at companies that were classified as discontinued operations in 2015 (2014: 4,358 employees).

The average number of employees at the Group, by gender, in 2015 and 2014 was as follows:

	2015	2014
Men	45,510	49,620
Women	12,025	13,802
	57,535	**63,422**

e) Impairment and gains or losses on disposals of non-current assets

The detail of "Impairment and Gains or Losses on Disposals of Non-Current Assets" in 2015 and 2014 is as follows:

	2015	2014
Gains or losses on disposals of other items of property plant and equipment and intangible assets	9,633	12,778
Impairment of other items of property, plant and equipment and intangible assets (Notes 7 and 8)	(14,448)	(665,130)
Other	—	451
	(4,815)	**(651,901)**

It should be noted that "Impairment of Other Items of Property, Plant and Equipment and Intangible Assets (Recognition)/Reversal" in 2014 includes EUR 649,681 thousand relating to the impairment of assets at the FCC Environment (UK) Group (see Notes 7 and 8).

f) Other income and expenses

"Other Income and Expenses" in the accompanying consolidated statement of profit or loss includes most notably the recognition of provisions for contingencies and charges in the international activity amounting to EUR 26,759 thousand, restructuring costs of EUR 22,319 thousand (see Note 20) and the indemnity payment made to the former Second Deputy Chairman and CEO as a result of his replacement amounting to EUR 8,375 thousand.

In 2014 it included notably the recognition of provisions amounting to EUR 64,000 thousand to cover the challenge to the sale of Alpine Energie (see Note 20) and to EUR 34,000 thousand to cover risks relating to the property business in the Construction Area.

g) Finance income and costs

The detail of the finance income in 2015 and 2014, based on the assets giving rise to it, is as follows:

	2015	2014
Finance income arising from debt reduction (Note 18)	—	135,000
Held-for-trading financial assets	875	1,482
Available-for-sale financial assets	1,484	377
Held-to-maturity investments	3,380	3,852
Non-current and current credits	18,817	22,903
"Lump-sum payment" construction projects	1,193	4,854
Cash and cash equivalents and other	8,344	8,794
	34,093	**177,262**

The detail of the finance costs in 2015 and 2014 is as follows:

	2015	2014
Recognition of initial refinancing costs (Note 18)	—	35,114
Credit facilities and loans	329,878	406,514
Limited recourse project financing loans	35,154	31,662
Obligations under finance leases	1,909	2,917
Other payables to third parties	12,541	20,096
Assignment of accounts receivable and "lump-sum payment" construction projects	4,026	21,756
Other finance costs	4,843	34,994
	388,351	**553,053**

The reduction of the borrowing costs arose basically as a result of the capital increase performed in 2014 and the modification of the terms and conditions as a result of the refinancing which was also arranged in that year.

In relation to the table above, it should be noted that in 2014, as a result of the entry into force of the "New Restructuring Framework Agreement" (see Note 21), the refinancing terms and conditions which came into effect in June 2014 (see Note 21) were substantially modified and, accordingly, the costs yet to be recognised inherent to the aforementioned refinancing agreement, amounting to EUR 35,114 thousand, were recognised in December 2014.

h) Other net finance costs

The detail of the other net finance costs in 2015 and 2014 is as follows:

	2015	2014
Changes in fair value of current financial instruments	3,487	3,862
Exchange rate differences	(6,666)	35
Limited recourse project financing loans	(7,445)	(16,581)
	(10,624)	**(12,684)**

Of note in 2015 under "Changes in Fair Value of Current Financial Instruments" is the income recognised as a result of the collection of EUR 3,237 thousand (2014: EUR 5,000 thousand) relating to a portion of the contingent consideration arising from the sale of the Proactiva subgroup in 2013 (see Note 5).

i) Result of companies accounted for using the equity method

The detail of "Result of Companies Accounted for Using the Equity Method" is as follows:

	2015		2014	
Profit (Loss) for the year (Note 12)		36,212		(89,276)
Joint ventures	10,447		(40,964)	
Associates	25,765		(48,312)	
Gains or losses on disposals and other		(858)		4,492
		35,354		**(84,784)**

In 2015 mention should be made, one the one hand, in connection with the result of the associates, of the reversal of the impairment relating to the Realia subgroup amounting to EUR 25,711 thousand (see Note 12) and, on the other, in connection with the result relating to joint ventures, the result contributed by Constructora Nuevo Necaxa Tihuatlan, S.A. de C.V. amounting to EUR 9,929 thousand, attributable mainly to the partial reversal of impairment losses on work performed yet to be accepted by the customer, since negotiations have progressed and its collection is deemed likely (in 2014 it contributed losses of EUR 44,558 thousand, due mainly to the recognition of the aforementioned impairment loss). Also, in 2014 it included, in the result relating to the associates, the recognition of an impairment loss on the Realia subgroup amounting to EUR 21,069 thousand and on the Construction Area amounting to EUR 40,500 thousand, net of the related tax effect in both cases.

29. Segment Reporting

a) Business segments

The business segments presented coincide with the business areas, as described in Note 1. The segment information shown in the following tables was prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporate" column includes the financial activity relating to the Group's centralised cash management and the operation of the companies that do not belong to any of the Group's business areas mentioned above. Also, in 2014 it included the Energy Area, which was classified as a discontinued operation.

"Eliminations" includes the elimination of inter-segment transactions.

Statement of profit or loss by segment

In particular, the information shown in the following tables includes the following items as the segment result for 2015 and 2014:

- All operating income and expenses of the subsidiaries and jointly managed contracts relating to the business carried on by the segment.
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial investments of the segment.
- Share of the result of companies accounted for using the equity method.
- The income tax expense relating to the transactions performed by each segment.
- The results of discontinued operations.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under "Contribution to FCC Group Profit (Loss)".

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2015							
Revenue	6,476,024	2,855,608	1,033,507	1,992,936	580,410	48,090	(34,527)
Non-group customers	6,476,024	2,849,202	1,022,846	1,984,873	571,013	48,090	—
Transactions with other segments	—	6,406	10,661	8,063	9,397	—	(34,527)
Other income	218,404	45,555	38,853	80,972	17,102	82,060	(46,138)
Non-group customers	218,404	44,846	41,276	79,951	17,009	35,322	—
Transactions with other segments	—	709	(2,423)	1,021	93	46,738	(46,138)
Operating expenses	(5,879,792)	(2,475,824)	(844,897)	(1,998,113)	(503,236)	(138,525)	80,803
Depreciation and amortisation charge and allocation to the consolidated statement of profit or loss of grants related to non-financial non-current assets and other grants	(428,457)	(228,655)	(81,291)	(37,716)	(65,924)	(15,496)	625
Other income and expenses	(62,352)	(5,154)	(887)	(57,309)	238	760	—
Profit (Loss) from operations	323,827	191,530	145,285	(19,230)	28,590	(23,111)	763
Percentage of revenue	5.00%	6.71%	14.06%	(0.96%)	4.93%	(48.06%)	(2.21%)
Finance income and costs	(354,258)	(108,881)	(41,515)	(14,371)	(102,435)	92,749	(179,805)
Other net finance income and costs	(10,624)	3,189	126	(12,687)	264	(116,056)	114,540
Result of companies accounted for using the equity method	35,354	8,667	5,057	(19,436)	425	40,600	41
Profit (Loss) before tax from continuing operations	**(5,701)**	**94,505**	**108,953**	**(65,724)**	**(73,156)**	**(5,818)**	**(64,461)**
Income tax	40,846	39,799	(30,806)	(3,872)	13,064	22,943	(282)
Profit (Loss) for the year from continuing operations	**35,145**	**134,304**	**78,147**	**(69,596)**	**(60,092)**	**17,125**	**(64,743)**
Profit (Loss) for the year from discontinued operations, net of tax	(89,311)	—	—	—	—	(89,311)	—
Consolidated profit (loss) for the year	**(54,166)**	**134,304**	**78,147**	**(69,596)**	**(60,092)**	**(72,186)**	**(64,743)**
Non-controlling interests	(7,875)	3,086	3,338	(2,703)	1,878	(541)	(12,933)
Profit (Loss) attributable to the Parent	**(46,291)**	**131,218**	**74,809**	**(66,893)**	**(61,970)**	**(71,645)**	**(51,810)**
Contribution to FCC Group profit (loss)	**(46,291)**	**131,218**	**74,809**	**(66,893)**	**(48,906)**	**(71,645)**	**(64,874)**

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2014							
Revenue	6,334,066	2,805,013	953,958	2,076,103	542,922	1,636	(45,566)
Non-group customers	6,334,066	2,798,051	950,518	2,051,615	532,266	1,616	—
Transactions with other segments	—	6,962	3,440	24,488	10,656	20	(45,566)
Other income	263,713	48,128	41,823	115,067	38,606	37,924	(17,835)
Non-group customers	263,713	47,295	41,536	133,332	38,585	2,965	—
Transactions with other segments	—	833	287	(18,265)	21	34,959	(17,835)
Operating expenses	(5,793,823)	(2,434,793)	(787,426)	(2,092,988)	(476,777)	(65,243)	63,404
Depreciation and amortisation charge and allocation to the consolidated statement of profit or loss of grants related to non financial non-current assets and other grants	(401,580)	(205,635)	(80,442)	(36,657)	(73,597)	(5,689)	440
Other income and expenses	(747,929)	(650,467)	(4,020)	(33,700)	4,755	(64,944)	447
Profit (Loss) from operations	(345,553)	(437,754)	123,893	27,825	35,909	(96,316)	890
Percentage of revenue	(5.46%)	(15.61%)	12.99%	1.34%	6.61%	n/d	(1.95%)
Finance income and costs	(375,791)	(181,827)	(35,750)	(46,127)	(100,445)	(426,894)	415,252
Other net finance income and costs	(12,684)	(2,933)	(10,047)	(8,510)	(257)	(351,240)	360,303
Result of companies accounted for using the equity method	(84,784)	8,147	10,648	(73,149)	172	(30,624)	22
Profit (Loss) before tax from continuing operations	**(818,812)**	**(614,367)**	**88,744**	**(99,961)**	**(64,621)**	**(905,074)**	**776,467**
Income tax	64,171	148,576	(21,202)	(79,847)	14,040	(1,703)	4,307
Profit (Loss) for the year from continuing operations	**(754,641)**	**(465,791)**	**67,542**	**(179,808)**	**(50,581)**	**(906,777)**	**780,774**
Profit (Loss) for the year from discontinued operations, net of tax	21,228	5,523	—	—	—	16,947	(1,242)
Consolidated profit (loss) for the year	**(733,413)**	**(460,268)**	**67,542**	**(179,808)**	**(50,581)**	**(889,830)**	**779,532**
Non-controlling interests	(9,119)	2,885	945	59	1,692	(1,554)	(13,146)
Profit (Loss) attributable to the Parent	**(724,294)**	**(463,153)**	**66,597**	**(179,867)**	**(52,273)**	**(888,276)**	**792,678**
Contribution to FCC Group profit (loss)	**(724,294)**	**(463,153)**	**66,597**	**(179,867)**	**(39,127)**	**(888,276)**	**779,532**

The contribution of the “Corporate” segment to the FCC Group's result includes mainly the impairment of the ownerships interests of the heads of the rest of the segments, as well as the dividends paid by the Group companies, and the finance income billed to other Group companies as a result of the intra-group loans granted by the Parent to other investees. All of these items are eliminated, as shown in the “Eliminations” column, as they are transactions with Group companies. Also, the “Corporate” segment includes borrowing costs relating to bank borrowings, mainly in connection with the syndicated debt of Fomento de Construcciones y Contratas, S.A.

Also, the result of the “Corporate” segment for 2015 includes the reversal of the impairment recognised on the ownership interest in Realia amounting to EUR 25,711 thousand (see Notes 12 and 28). In turn, in 2014 it should be noted that a provision of EUR 64,000 thousand was recognised to cover the challenge of the Alpine sale (see Notes 20 and 28), the allocation to profit or loss of the unallocated expenses inherent to the refinancing of the syndicated debt amounting to EUR 35,114 thousand as it gave rise to a substantial change to the financial liability (see Note 28) and finance income arising from the debt reduction in the aforementioned refinancing amounting to EUR 135,000 thousand (see Notes 18 and 28).

Balance sheet by segment

2015	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
ASSETS							
Non-current assets	**8,184,311**	**2,741,931**	**1,545,074**	**753,176**	**2,101,884**	**4,270,606**	**(3,228,360)**
Intangible assets	3,026,420	841,541	914,944	88,653	761,270	370,052	49,960
Additions	124,811	84,637	23,423	915	2,363	13,473	—
Property, plant and equipment	3,126,234	1,574,195	320,775	133,489	1,097,231	23,059	(22,515)
Additions	229,212	154,298	23,623	40,155	9,636	1,500	—
Investment property	20,134	—	—	19,752	—	382	—
Additions	—	—	—	—	—	—	—
Investments accounted for using the equity method	586,967	83,742	135,902	53,834	25,733	273,589	14,167
Non-current financial assets	392,762	154,833	123,905	26,413	20,589	3,300,361	(3,233,339)
Deferred tax assets	1,031,794	87,620	49,548	431,035	197,061	303,163	(36,633)
Current assets	**4,677,798**	**1,338,544**	**741,346**	**1,917,761**	**264,916**	**1,040,803**	**(625,572)**
Non-current assets classified as held for sale	235,887	—	—	—	—	235,887	—
Inventories	648,639	38,719	22,923	180,172	115,822	291,918	(915)
Trade and other receivables	2,128,981	862,687	255,543	919,441	100,215	97,392	(106,297)
Other current financial assets	230,676	121,990	364,936	110,034	14,623	137,453	(518,360)
Other current assets	88,100	30,925	625	53,019	3,440	91	—
Cash and cash equivalents	1,345,515	284,223	97,319	655,095	30,816	278,062	—
Total assets	**12,862,109**	**4,080,475**	**2,286,420**	**2,670,937**	**2,366,800**	**5,311,409**	**(3,853,932)**
EQUITY AND LIABILITIES							
Equity	**487,247**	**508,704**	**793,314**	**759,005**	**577,877**	**54,219**	**(2,205,872)**
Non-current liabilities	**7,717,833**	**1,581,690**	**920,705**	**569,373**	**827,944**	**4,836,336**	**(1,018,215)**
Grants	248,263	7,432	43,039	—	2,968	194,824	—
Long-term provisions	1,254,119	446,618	113,138	264,542	71,726	358,095	—
Non-current financial liabilities	5,678,798	966,986	701,882	217,882	574,612	4,219,071	(1,001,635)
Deferred tax liabilities	479,548	132,880	51,697	76,261	178,638	56,652	(16,580)
Other non-current liabilities	57,105	27,774	10,949	10,688	—	7,694	—
Current liabilities	**4,657,029**	**1,990,081**	**572,401**	**1,342,559**	**960,979**	**420,854**	**(629,845)**
Liabilities associated with non-current assets classified as held for sale	15,887	—	—	—	—	15,887	—
Short-term provisions	194,743	6,560	15,513	144,359	16,008	12,303	—
Current financial liabilities	1,529,379	386,222	75,032	57,013	840,062	690,369	(519,319)
Trade and other payables	2,917,020	601,178	464,734	1,705,583	104,909	151,142	(110,526)
Intra-Group transactions	—	996,121	17,122	(564,396)	—	(448,847)	—
Total equity and liabilities	**12,862,109**	**4,080,475**	**2,286,420**	**2,670,937**	**2,366,800**	**5,311,409**	**(3,853,932)**

2014	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
ASSETS							
Non-current assets	**7,853,777**	**2,689,643**	**1,590,014**	**1,029,008**	**2,088,871**	**3,753,646**	**(3,297,405)**
Intangible assets	2,967,524	744,183	944,863	445,545	755,718	23,201	54,014
Additions	150,076	64,351	34,876	45,889	1,224	3,736	—
Property, plant and equipment	3,154,474	1,582,558	317,526	132,371	1,102,577	42,137	(22,695)
Additions	249,801	161,737	22,956	34,802	10,489	19,817	—
Investment property	21,090	—	—	20,297	793	—	—
Additions	793	—	—	—	793	—	—
Investments accounted for using the equity method	239,804	84,791	140,678	(88,160)	26,257	62,111	14,127
Non-current financial assets	426,674	174,779	141,607	54,610	17,108	3,344,789	(3,306,219)
Deferred tax assets	1,044,211	103,332	45,340	464,345	186,418	281,408	(36,632)
Current assets	**6,169,092**	**1,401,763**	**675,147**	**2,831,596**	**256,312**	**1,768,893**	**(764,619)**
Non-current assets classified as held for sale	1,002,520	—	—	—	—	1,002,520	—
Inventories	760,581	47,955	23,260	581,985	107,332	51	(2)
Trade and other receivables	2,399,070	829,346	280,507	1,196,592	97,651	53,060	(58,086)
Other current financial assets	380,398	94,908	245,990	409,793	3,118	333,120	(706,531)
Other current assets	89,375	34,494	356	51,123	3,016	386	—
Cash and cash equivalents	1,537,148	395,060	125,034	592,103	45,195	379,756	—
Total assets	**14,022,869**	**4,091,406**	**2,265,161**	**3,860,604**	**2,345,183**	**5,522,539**	**(4,062,024)**
EQUITY AND LIABILITIES							
Equity	**495,422**	**466,190**	**787,109**	**303,191**	**622,753**	**274,482**	**(1,958,303)**
Non-current liabilities	**7,833,952**	**1,767,022**	**735,519**	**1,197,497**	**671,275**	**4,751,436**	**(1,288,797)**
Grants	239,271	7,728	31,170	196,770	3,603	—	—
Long-term provisions	1,157,870	436,174	108,695	276,861	82,131	254,009	—
Non-current financial liabilities	5,682,244	1,075,037	512,776	618,307	413,453	4,334,606	(1,271,935)
Deferred tax liabilities	562,366	217,183	50,872	68,892	172,088	70,193	(16,862)
Other non-current liabilities	192,201	30,900	32,006	36,667	—	92,628	—
Current liabilities	**5,693,495**	**1,858,194**	**742,533**	**2,359,916**	**1,051,155**	**496,621**	**(814,924)**
Liabilities associated with non-current assets classified as held for sale	776,929	—	—	—	—	776,929	—
Short-term provisions	288,469	4,387	22,766	210,297	18,175	32,844	—
Current financial liabilities	1,381,098	315,932	229,861	177,768	948,430	468,010	(758,903)
Trade and other payables	3,246,999	632,346	465,480	1,971,851	84,550	148,793	(56,021)
Intra-Group transactions	—	905,529	24,426	—	—	(929,955)	—
Total equity and liabilities	**14,022,869**	**4,091,406**	**2,265,161**	**3,860,604**	**2,345,183**	**5,522,539**	**(4,062,024)**

Cash flows by segment

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2015							
From operating activities	600,284	334,188	203,575	95,510	86,608	50,942	(170,539)
From investing activities	(412,559)	(233,925)	(159,692)	90,794	(11,822)	64,776	(162,690)
From financing activities	(392,464)	(222,249)	(68,785)	(84,210)	(92,576)	(257,873)	333,229
Other cash flows	13,106	11,148	(2,813)	(39,102)	3,410	40,463	—
Cash flows for the year	**(191,633)**	**(110,838)**	**(27,715)**	**62,992**	**(14,380)**	**(101,692)**	**—**
2014							
From operating activities	608,859	336,873	230,764	97,103	84,769	(543,560)	402,910
From investing activities	(167,213)	(118,396)	(220,467)	(214,591)	8,949	49,284	328,008
From financing activities	85,696	(24,444)	29,777	163,982	(99,296)	746,761	(731,084)
Other cash flows	22,184	12,084	(512)	7,708	2,904	(166)	166
Cash flows for the year	**549,526**	**206,117**	**39,562**	**54,202**	**(2,674)**	**252,319**	**—**

b) Activities and investments by geographical market

Approximately 47% of the Group's business is conducted abroad (2014: 44%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2015 and 2014 is as follows:

	Total	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2015							
European Union	1,696,614	1,307,886	150,288	196,216	42,901	—	(677)
US	260,701	5,548	—	36,901	218,273	—	(21)
Latin America	491,096	—	61,986	419,425	2,900	8,368	(1,583)
Other	619,794	24,106	41,466	441,733	119,102	—	(6,613)
	3,068,205	**1,337,540**	**253,740**	**1,094,275**	**383,176**	**8,368**	**(8,894)**
2014							
European Union	1,568,104	1,207,563	135,090	190,605	35,538	—	(692)
US	197,420	1,334	—	19,396	176,690	—	—
Latin America	668,327	—	24,113	640,516	3,698	—	—
Other	359,720	19,227	22,608	187,727	131,020	—	(862)
	2,793,571	**1,228,124**	**181,811**	**1,038,244**	**346,946**	**—**	**(1,554)**

The following information, by geographical area, included in the accompanying consolidated financial statements is shown below:

	Total Group	Spain	United Kingdom	Czech Republic	Other EU countries	US	Latin America	Other
2015								
ASSETS								
Intangible assets	3,026,420	1,941,671	531,556	724	245,929	47,644	258,312	584
Property, plant and equipment	3,126,234	1,205,347	839,047	276,953	254,322	476,504	10,855	63,206
Investment property	20,134	382	—	—	9,221	—	—	10,531
Deferred tax assets	1,031,794	823,086	59,825	2,620	11,199	127,405	3,672	3,987
2014								
ASSETS								
Intangible assets	2,967,524	1,992,782	428,534	967	240,612	40,025	264,555	49
Property, plant and equipment	3,154,474	1,263,459	837,670	272,267	254,482	448,714	12,400	65,482
Investment property	21,090	390	—	—	9,400	—	—	11,300
Deferred tax assets	1,044,211	836,948	75,810	2,187	10,285	117,379	591	1,011

c) Headcount

The average number of employees in 2015 and 2014, by business area, was as follows:

	2015	2014
Environmental Services	38,814	39,766
End-to-End Water Management	7,689	7,467
Construction	8,395	10,129
Cement	1,718	1,804
Corporate	919	4,256
	57,535	63,422

30. Information on the Environment

At a meeting held on 3 June 2009, the Board of Directors of FCC approved the FCC Group's environmental policy which responded to the initial objectives of the Corporate Responsibility Master Plan, thereby reinforcing the Group's social responsibility commitment as part of its strategy, and reflecting its considerable involvement in environmental services.

The FCC Group carries on its activities based on commitment and corporate responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its desire to generate wealth and social well-being.

Aware of the importance for the FCC Group of the preservation of the environment and the responsible use of available resources and in line with its vocation for service represented by activities with a clear environmental focus, the FCC Group fosters and encourages the following principles throughout the organisation, which form the basis of its contribution to sustainable development:

Continuous improvement

To promote environmental excellence through the setting of targets to achieve continuous improvement in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.

Control and monitoring

To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.

Climate change and prevention of pollution

To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies.

To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.

Observation of the environment and innovation

To identify the risks and opportunities of the activities with respect to the changing natural environment in order to promote innovation and the use of new technologies, and to generate synergies between the FCC Group's various activities.

Life cycle of the products and services

To intensify environmental considerations in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.

The participation of all is a must

To promote awareness and application of the environmental principles among employees and other stakeholders.

To share experience of best practices with the various stakeholders to promote alternative solutions to those already established to help achieve a sustainable environment.

This environmental policy is implemented using quality and environmental management systems and follow-up audits which evidence the measures taken by the FCC Group in this area.
With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

a) Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.

b) Reduction of environmental impact through adequate planning.

c) Ongoing analysis of risks and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

a) Identification of environmental issues and of applicable legislation.

b) Impact evaluation criteria.

c) Measures to be adopted.

d) A system for measuring the objectives achieved.

By their very nature, the activities of the Environmental Services Area are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, street cleaning, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Environmental Services Area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2015, the acquisition cost of the non-current assets assigned to production in the Environmental Services Area, net of depreciation and amortisation, totalled EUR 2,415,735 thousand (31 December 2014: EUR 2,326,740 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 357,592 thousand (31 December 2014: EUR 336,664 thousand).

The activity in which Aqualia engages is directly linked to environmental protection since the driving force behind its work is, in collaboration with the various Public Authorities, efficient end-to-end water management and ensuring the availability of water so as to allow sustainable growth of the areas where it provides its services. One of the main objectives of FCC Aqualia is continuous improvement through an End-to-End Management System, which includes both the management of the quality of the processes, products and services and environmental management. The main activities performed are: water quality control at both the collection and distribution stages, a 24-hour, 365 days per year monitoring service enabling incidents affecting its distribution networks to be resolved as quickly as possible, with the resulting water saving, the optimisation of electricity consumption and the elimination of environmental impact caused by the discharge of waste water.

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At 31 December 2015, the Cementos Portland Valderrivas Group had made environmental investments amounting to EUR 165,252 thousand (2014: EUR 160,035 thousand), which were recognised under “Intangible Assets” and “Property, Plant and Equipment”. The related accumulated depreciation and amortisation charge amounted to EUR 90,107 thousand (2014: EUR 81,702 thousand).

Due to its cement activities, the Group receives CO_2 emission allowances for no consideration under the corresponding national allocation plans. In this connection, it should be noted that in 2015 emission allowances equivalent to 3,112 thousand tonnes per annum were received (2014: 2,945 thousand tonnes) corresponding to Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

“Other Operating Income” in the accompanying consolidated statement of profit or loss includes the income of EUR 3,895 thousand (2014: EUR 20,783 thousand) from sales of greenhouse gas emission allowances in 2015 (see Note 28-a).

The Construction Area adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges, with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land; and the development of specific training programs for line personnel involved in the environmental decision-making process. It has also implemented an “Environmental behaviour code” which establishes the environmental conservation and protection requirements for subcontractors and suppliers.

Also, it is considered that there were no significant contingencies in relation to the protection and improvement of the environment at 31 December 2015 that might have a material impact on the accompanying consolidated financial statements.

For further information on the matters discussed in this Note, please refer to the Group's "Corporate Social Responsibility" report, which is published annually on FCC's website, www.fcc.es, among other channels.

31. Financial Risk Management Policies

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group’s risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group’s operations, and the risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group’s activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

For capital management purposes, the fundamental aim of the FCC Group is to reinforce the financial and equity structure to improve the Debt/Equity Ratio, in an attempt, on the one hand, to reduce the cost of capital and in turn maintain capital adequacy, in order to continue managing its activities and, on the other, to maximise value for shareholders, not just at Group level, but also at Parent level, i.e. at Fomento de Construcciones y Contratas, S.A. level.

The fundamental basis that the Group considers as capital is reflected under “Equity” in the consolidated balance sheet, which for management and monitoring purposes excludes both “Changes in Fair Value of Financial Instruments” and “Translation Differences”.

“Changes in Fair Value of Financial Instruments” is excluded for management purposes as it is considered within the management of interest rate risk since it is the result of the measurement of instruments that convert floating-rate debt into fixed-rate debt. Translation differences are managed as part of the foreign currency risk management activities.

In addition to the contents of the preceding paragraph, it should also be noted that the Group's financial liabilities includes two components which may be considered capital for management purposes: the convertible bonds and Tranche B of the refinancing arranged by the Group, given their convertible nature in certain circumstances.

In the first case, given the unlikelihood of the option to convert the bonds being exercised by the bondholders, it is not included in this item, due, also, to the unsubordinated nature of the bonds once the refinancing has been arranged.

In the second case, despite the component which can be converted on maturity, it is considered solely to be financial debt, given the intention to repay it from when it is arranged and the high conversion price.

In light of the industry in which the Group operates, it is not subject to external capital requirements, although this does not prevent regular monitoring of the Debt/Equity Ratio in order to guarantee a financial structure that is based on compliance with the legislation in force in the countries in which the Group operates. The capital structure of each of the subsidiaries is also analysed in order to strike a suitable balance between debt and equity.

Proof of the foregoing are the capital increase of EUR 1,000,000 thousand performed at the end of 2014 and the recently announced capital increase of EUR 709,519 thousand, both of which are earmarked for strengthening the Company's capital structure.

General Financial Management, which is responsible for the management of financial risks, periodically reviews the Debt-Equity Ratio and compliance with the financing covenants and the capital structure of the subsidiaries.

b) The FCC Group is exposed to foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

Although the FCC Group's reference currency and that with which it mainly operates is the euro, the FCC Group also has certain financial assets and liabilities denominated in currencies other than the euro. The foreign currency risk arises mainly on debt denominated in foreign currencies, on investments to be made in international markets and on amounts received in a currency other than the euro.

As shown in the following table, this risk is mitigated since at 31 December 2015 86% of the Group's net debt was denominated in euros, followed in second place by pounds sterling. This is very similar to the situation at 31 December 2014.

	CONSOLIDATED							
	Euro	US dollar	Pound sterling	Czech koruna	Non-eurozone European currencies	Latin America	Other	TOTAL
Total consolidated net	4,698,455	124,442	566,069	166,569	(19,444)	35,309	(97,814)	5,473,586
Net debt as a percentage	85.8%	2.3%	10.3%	3.0%	(0.4%)	0.6%	(1.6%)	100.0%

The breakdown, by currency, of cash and cash equivalents is detailed in Note 17 to these consolidated financial statements, which indicates that 51% was denominated in euros at 31 December 2015 (31 December 2015: 64%).

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the statement of profit or loss.

The following table summarises the sensitivity to changes in the exchange rates of the two main currencies in which the Group operates, the US dollar and the pound sterling:

	+ 10% pound sterling and US dollar	
	Profit or loss	Equity
Pound sterling	(277)	71,293
US dollar	(5,836)	(1,862)
Total	**(6,113)**	**69,431**

	-10% pound sterling and US dollar	
	Profit or loss	Equity
Pound sterling	277	(71,293)
US dollar	5,836	1,862
Total	**6,113**	**(69,431)**

The impact on the pound sterling is due mainly to the conversion of the new assets relating to the investment held in the FCC Environment (UK) subgroup. The impact on the US dollar arises mainly on translation of the result of the Giant subgroup as a result of the losses incurred in the year.

c) The FCC Group is exposed to interest rate risk

The FCC Group is exposed to risks arising from interest rate fluctuations, since the Group's financial policies aim to guarantee that its current financial assets and its debt are partially tied to floating interest rates. The reference interest rate for the bank borrowings of the FCC Group arranged in euros is mainly Euribor.

Any interest rate increase could increase the borrowing costs on the FCC Group's debt tied to floating rates and could increase, in turn, the refinancing costs of the FCC Group's debt and the costs involved in issuing new debt.

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the ongoing monitoring of markets and on assuming different positions based primarily on the asset being financed.

Furthermore, as part of the FCC Group's interest rate risk management policy, interest rate hedging transactions and fixed-rate financing were arranged in 2014, accounting for 28% of the total gross debt of the Group at the end of the year, including Project Structured Financing hedges.

The following table presents a breakdown of the FCC Group's gross debt and of its debt that has been hedged, either because it bears interest at a fixed rate or because it is hedged by derivatives:

	Construction	Environmental Services	Cement	End-to-End Water Management	Corporate	Consolidated
Total gross borrowings	60,224	1,012,440	1,281,744	302,971	4,392,398	7,049,777
Hedges and fixed rate financing at 31/12/15	(35,892)	(756,936)	(420,565)	(276,076)	(499,467)	(1,988,936)
Total floating-rate debt	**24,332**	**255,504**	**861,179**	**26,895**	**3,892,931**	**5,060,841**
Ratio: Floating-rate debt / Gross borrowings at 31/12/15	**40.4%**	**25.2%**	**67.2%**	**8.9%**	**88.6%**	**71.8%**

The following table summarises the effect that the increases and decreases in the interest rate yield curve on gross debt, after excluding any hedged debt, would have on the FCC Group's consolidated statement of profit or loss:

	Gross borrowings		
	+25 bp	+50 bp	+100 bp
Impact on the statement of profit or loss	12,833	25,666	51,333

d) Solvency risk

The most representative ratio for measuring solvency and capability of repaying the debt is: Net Debt/EBITDA.

At 31 December 2015, the FCC Group's net financial debt presented in the accompanying consolidated balance sheet amounted to EUR 5,473,586 thousand, as shown in the following table:

	2015	2014
Bank borrowings	5,647,684	5,756,393
Debt instruments and other marketable securities	1,088,493	906,724
Other interest-bearing financial debt	313,600	270,508
Current financial assets	(230,676)	(380,437)
Cash and cash equivalents	(1,345,515)	(1,537,148)
Net financial debt	**5,473,586**	**5,016,040**
Net limited recourse debt	**(2,219,308)**	**(2,217,678)**
Net recourse borrowings	**3,254,278**	**2,798,362**

It should be noted in relation to solvency risk that the losses recognised in 2015 amounting to EUR 46,291 thousand were due mainly to "Profit (Loss) for the Year from Discontinued Operations, Net of Tax", the balance of which is a loss of EUR 89,311 thousand as a consequence mainly of the sale of the Cemusa Group (see Note 4), losses which will not be incurred in the future and which will not affect cash flows or debt levels and, accordingly, had this result not been taken into consideration, the FCC Group would have obtained a profit of EUR 43,020 thousand. The losses of EUR 724,294 thousand incurred in 2014 related mostly to the write-down of EUR 649,681 thousand before tax of property, plant and equipment performed at FCC Environment (UK) (see Notes 7, 8 and 28), which did not affect cash and did not affect, and will not affect, the Group's borrowings.

e) The FCC Group is exposed to liquidity risk

The FCC Group performs its transactions in industries which require a high level of financing, and to date it has obtained sufficient adequate financing to be able to carry on its operations. However, the FCC Group cannot guarantee that these circumstances relating to the obtainment of financing will continue in the future.

The capacity of the FCC Group to obtain financing depends on many factors, many of which are outside its control, such as general economic conditions, the availability of bank funds and the monetary policies of the markets in which the FCC Group operates. Unfavourable conditions in the debt and capital markets can obstruct or impede the obtainment of adequate financing for the performance of the business activities of the FCC Group.

Apart from seeking new sources of financing, the FCC Group may need to refinance a portion of its current debt through bank loans and debt issues, since a significant portion of the financing of the FCC Group matures in 2018. Historically, the FCC Group has always been able to renew its loan agreements and expects to continue to do so over the next twelve months. However, the ability to renew the loan agreements depends on various factors, many of which are outside the control of the FCC Group, such as the general conditions of the economy, the availability of funds for loans from private investors and banks and the monetary policies of the markets in which the FCC Group operates. Unfavourable conditions in the debt markets can obstruct or impede the FCC Group's capacity to renew its financing. Therefore, the FCC Group cannot guarantee its capacity to renew the loan agreements on economically attractive terms. The inability to renew these loans or ensure adequate financing on acceptable terms could have an adverse impact on the liquidity of the FCC Group and on its ability to cover working capital requirements.

In order to adequately manage this risk, the Group closely monitors the maturities of all the credit lines and financing of each of the Group companies so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies any alternatives with more favourable terms. In addition, the FCC Group is present in various markets in order to facilitate the obtainment of financing and mitigate liquidity risk.

At 31 December 2015, the Group had the following repayment schedule for its gross borrowings, which for 2016 amount to EUR 1,437,593 thousand.

2016 Total Jan-Dec	2017 Total Jan-Dec	2018 Total Jan-Dec	2019 and subsequent years	TOTAL
1,437,593	281,753	4,275,882	1,054,549	7,049,777

With the entry into force of the refinancing and the capital increase in 2014, and the announcement of the new capital increased to be performed in 2016, the Group understands that the factors raising doubts as to its continuity no longer exist and that it can finance its business activities.

In order to manage liquidity risk, at 31 December 2015 the Group had cash amounting to EUR 1,176,638 thousand, as well as the following current financial assets and cash equivalents, which mature as follows:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	230,676	62,000	20,121	17,811	130,744

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	168,876	154,819	8,247	5,810

f) Concentration risk

This risk arises from the concentration of financing transactions with common features which are distributed as follows:

- Sources of financing: in order to diversify this risk, the FCC Group works with numerous Spanish and international financial institutions in order to obtain financing.
- Markets/geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets. The Group's debt is concentrated mainly in euros and the remainder in various currencies in several international markets.

- Products: the FCC Group arranges various financial products, including loans, credit facilities, bonds, syndicated transactions, factoring, discounting, etc.
- Currency: the FCC Group finances its operations in a wide variety of currencies, corresponding to the country of origin.

The FCC Group's strategic planning process identifies the objectives to achieve in each of the areas of business activity, based on the improvements to be implemented, market opportunities and the level of risk considered acceptable. This process serves as a basis for the preparation of the operating plans which specify the goals to be reached each year.

In order to mitigate the market risks inherent to each business line, the Group maintains a diversified position between businesses related to infrastructure construction and management, provision of environmental services and others. In terms of geographical diversification, in 2015 business abroad accounted for 47% of total sales, with particular relative importance in the Group's most significant areas: infrastructure construction and environmental services.

g) Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position, could result in the risk of non-payment of the amounts owed.

The Group requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in ongoing monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. Offers exceeding a certain collection period must be authorised by the Financial Department. Furthermore, late payment is monitored on an ongoing basis by specific bodies, including the risk committees.

The maximum level of exposure to credit risk was calculated, the detail of which at 31 December 2015 is as follows:

Financial loans granted	785,991
Trade and other receivables	2,128,981
Assets relating to financial derivatives	2,097
Cash and cash equivalents	1,345,515
Guarantees provided	4,298,888
TOTAL	**8,561,472**

In general, the Group does not have collateral, guarantees or enhancements to improve the credit risk for the financial loans or the trade receivables. However, it should be noted that in the case of certain agreements relating to the Water Area, mostly service concession arrangements subject to IFRIC 12, guarantees are requested from the customers, and there are compensation mechanisms in certain arrangements, mostly service concession arrangements subject to IFRIC 12 in the Water and Environmental Services Areas, which guarantee recovery of the loans granted to finance the initial fixed charges paid in advance or investment plans.

With respect to the creditworthiness, the Group applies its best criterion to recognise impairment on those financial assets for which uncertainty exists as to their recoverability. Therefore, since most of the unprovisioned financial assets relate to public sector customers in the Construction and Environment Areas, it should be considered that there is no risk of non-payment since the creditworthiness of those customers is high.

h) Financial derivatives designated as hedging instruments

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in the notes to the consolidated financial statements. The main financial risk hedged by the FCC Group using derivative instruments relates to fluctuations in the floating interest rates to which the FCC Group companies' financing is tied. Financial derivatives are measured by experts on the subject that are independent from the Group and the entities financing it, using generally accepted methods and techniques.

Sensitivity analyses are carried out periodically in order to observe the effect of a possible change in interest rates on the Group's accounts.

Accordingly, a simulation was performed using three rising basic yield curve scenarios for the euro with an average of around of 0.48% in the medium and long term at 31 December 2015, assuming increases in the curve of 25 bp, 50 bp and 100 bp.

The amounts obtained in relation to the derivatives in force at year-end with an impact on equity are shown below (in thousands of euros), after the application, where applicable, of the percentage of ownership.

	Hedging derivatives		
	+25 bp	+50 bp	+100 bp
Impact on equity:			
Full consolidation	2,907	5,846	11,702
Equity method	16,299	31,611	61,218
Discontinued operations	6,628	12,988	25,174

32. Information on Related Party Transactions

a) Transactions with Directors of the Parent and Senior Executives of the Group

The detail of the fixed and variable remuneration earned by the Directors of Fomento de Construcciones y Contratas, S.A. in 2015 and 2014 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2015	2014
Fixed remuneration	2,044	2,900
Other remuneration (*)	5,448	2,759
	7,492 (**)	5,659

(*) In 2015 Juan Béjar Ochoa earned variable remuneration of EUR 4,225 thousand (31 December 2014: EUR 2,000 thousand).

(**) Also, on 18 August 2015 Juan Béjar Ochoa ceased to discharge his position as CEO and left the Company, receiving in August an indemnity payment of EUR 8,375 thousand.

The Senior Executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 5,861 thousand in 2015 (2014: EUR 4,131 thousand).

2015	
Carlos M. Jarque Uribe	Chief Executive and CEO
Agustín García Gila	Chairman of Environmental Services
Felipe B. García Pérez	General Secretary
Miguel Jurado Fernández	Manager of FCC Construcción
Vicente Mohedano Martín	Manager of FCC Construcción
Miguel A. Martínez Parra	General Manager of Administration and Finance
Miguel Hernanz Sanjuán	General Internal Audit Manager
Julio Pastor Bayón	General Communication and Corporate Responsibility Manager
Félix Parra Mediavilla	General Manager of FCC Aqualia
Ana Villacañas Beades	General Organisation Manager

2014	
Agustín García Gila	Chairman of Environmental Services
Eduardo González Gómez	Chairman of FCC Aqualia and Director of Institutional Relations of FCC
José Luis Sáenz de Miera	Chairman and CEO of Cementos Portland Valderrivas
Miguel Jurado Fernández	Chairman of FCC Construcción
Juan José Drago Masià	General Administration Manager
Miguel Hernanz Sanjuán	General Internal Audit Manager
Víctor Pastor Fernández	General Finance Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Ana Villacañas Beades	General Organisation Manager

The information in relation to the insurance policy taken out for, among others, certain Executive Directors and Executives of Fomento de Construcciones y Contratas, S.A. or the Group are disclosed in Note 26, "Pension Plans and Similar Obligations".

Except as indicated in Note 26, no other remuneration, advances, loans or guarantees were granted to the Board members.

In relation to the investments held by the Directors of Fomento de Construcciones y Contratas, S.A., or persons related to them, in the share capital of companies outside the FCC Group; or in relation to whether they, as independent professionals or as employees, engage in an activity that is similar or complementary to that which constitutes the company object of the Group; or in relation to whether they themselves or a person acting on their behalf have performed, with the Company or with any company in the same Group, other transactions outside the course of the Company's ordinary business operations or in conditions that were not on arm's length conditions; it should be mentioned that the aforementioned Directors have stated that they or persons related to them:

- Do not carry on, as independent professionals or as employees, any activity that is identical, similar or complementary to the activity that constitutes the Company's object.
- Do not own any investments in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- Had not performed, with the Company or any company of the same Group, other transactions outside the course of the Company's ordinary business operations, or in conditions that were not on an arm's length basis.

The detail of the Directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

Name or company name of Director	Group company name	Position
Mr Gerardo Kuri Kaufmann	Cementos Portland Valderrivas, S.A.	CEO
	Realia Business, S.A.	CEO
Mr Juan Rodríguez Torres	Cementos Portland Valderrivas, S.A.	Director
	Realia Business, S.A.	Non-Executive Chairman
Mr Álvaro Vázquez de Lapuerta	Cementos Portland Valderrivas, S.A.	Director
Inmobiliaria AEG, S.A. de C.V.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Chairman's Office
	Realia Business, S.A.	Director

These Directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

At the Annual General Meeting held on 25 June 2015 four Directors (Inmobiliaria AEG, S.A. de C.V., Inmuebles INSEO, S.A. de C.V., Alejandro Aboumrad González and Gerardo Kuri Kaufmann) were released so that they could hold a direct or indirect ownership interest and discharge executive or management positions at the companies of the Group to which the shareholders Control Empresarial de Capitales, S.A. de C.V. and Inmobiliaria Carso, S.A. de C.V. or at their investees or affiliates belong.

Also in 2015 various one-off conflicts of interest were reported with certain Proprietary Directors of Control Empresarial de Capitales, S.A. de C.V., which were resolved in accordance with the procedure established in the Board of Directors regulations. The Directors in question abstained in the related discussions and votes.

In 2015 no significant transactions giving rise to a transfer of resources or obligations between Group companies and their Executives or Directors were carried out.

b) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, in any event, are eliminated in the preparation of the consolidated financial statements.

The revenue recognised in the accompanying consolidated statement of profit or loss includes EUR 104,254 thousand (2014: EUR 120,520 thousand) relating to Group company billings to associates and joint ventures.

The Group's consolidated financial statements also include purchases from associates and joint ventures amounting to EUR 31,596 thousand (2014: EUR 60,766 thousand).

c) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its Directors, Executives or significant shareholders

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their Directors, Executives and significant shareholders, as indicated in Article 25 of the Board's Regulations.

33. Fees Paid to Auditors

The 2015 and 2014 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

	2015			2014		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3,247	349	3,596	3,218	320	3,538
Other attest services	232	76	308	1,334	280	1,614
Total audit and related services	**3,479**	**425**	**3,904**	**4,552**	**599**	**5,151**
Tax counselling services	210	293	503	97	1,610	1,708
Other services	683	4,173	4,856	264	5,775	6,039
Total professional services	**893**	**4,466**	**5,359**	**361**	**7,386**	**7,747**
	4,372	**4,891**	**9,263**	**4,913**	**7,985**	**12,898**

The decrease in 2015 in the fees for audit and related services provided by the principal auditor was due mainly to the volume of work performed in 2014 as a result of the refinancing process and capital increase.

34. Events After the Reporting Period

As regards the new capital increase agreed on by the Board of Directors on 17 December 2015 (see Note 4), on 5 February 2016 the reference shareholders of the Company, Ms Esther Koplowitz Romero de Juseu and the companies related to her (Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U.) entered into a novation agreement amending but not extinguishing the related investment agreement signed on 27 November 2014, with Inversora Carso, S.A. de C.V. (Carso) (the Guarantor) and its subsidiary Control Empresarial de Capitales, S.A. de C.V. (CEC) (the Investor). The main issues addressed in the aforementioned novation are as follows:

- The inclusion of Nueva Samede in the agreement, as a future new shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) following the new capital increase.
- The continuation of FCC's recapitalisation process, establishing the conditions and deadlines.
- The amendment of FCC's corporate governance regime, as regards the transfer of shares in the event that, as a result of the new capital increase and the subscription undertaking of the Investor and/or Guarantor (see Note 14), the investor owns more than 29.99% of the share capital with voting rights or acquires control of FCC, as well as the elimination of the provision relating to the maximum ownership interest of the parties in the Company's share capital.
- Undertakings in relation to the new capital increase: i) with respect to the sale of the pre-emption rights with which Nueva Samede undertakes to acquire and the current shareholders undertake to transfer all of the rights arising from the capital increase; ii) Nueva Samede will subscribe and pay in full shares for a maximum amount of EUR 159,504,126; iii) CEC will subscribe and pay in full shares for a maximum amount of EUR 182,178,126; iv) the possibility for CEC or Carso to subscribe additional FCC shares, pursuant to the terms and conditions provided for in the new capital increase prospectus, which could lead to their ownership interests in FCC after the capital increase being higher.
- Amendments to FCC's bylaws and changes to the composition of the Board of Directors in the event that CEC and/or Carso attain a percentage of the voting rights equal to or higher than 30% or they gain control over the Company in any other way.

Also, On 5 February 2016 Ms Esther Koplowitz Romero de Juseu, Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U. entered into a sale agreement for the pre-emption rights of the new capital increase and other complementary agreements. The main aspects included in the agreements refer to: i) the terms and conditions that will govern the transfer of the pre-emption rights of Esther Koplowitz and Dominum Dirección y Gestión, S.A. resulting from the capital increase to Nueva Samede, S.L.U.; ii) the subsequent exercise of the aforementioned rights by Nueva Samede; and iii) the undertaking of Carso (as the financing party) to finance Nueva Samede for the acquisition of the pre-emption rights and the payment of the shares arising from the new capital increase.

On 9 February 2016 the Securities Note was approved by the Spanish National Securities Market Commission. The pre-emption right period ran from 12 February to 26 February 2016, inclusive. The official listing of these new shares will be requested, and it is estimated that the official listing will take place on 4 March 2016.

As a result of the agreement of 12 February 2016 for the aforementioned new capital increase effective on that date, and pursuant to the terms and conditions established In the convertible bond issue (see Notes 18 and 21), the conversion price was recalculated to EUR 21.50 per ordinary share, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,325.58 ordinary shares.

35. Explanation Added for Translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2-a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I. Subsidiaries (Fully Consolidated)

Company	Registered office	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4 - Madrid	100.00	
Armigesa, S.A.	Plaza de la Constitución s/n - Armilla (Granada)	51.00	
Azincourt Investment, S.L. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	Deloitte
Beootpad d.o.o. Beograd	Serbia	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Compañía Catalana de Servicios, S.A.	Balmes, 36 - Barcelona	100.00	
Compañía Control de Residuos, S.L.	Peña Redonda, 27 P.I. Silvota - Llanera (Asturias)	64.00	
Corporación Inmobiliaria Ibérica, S.A.	Federico Salmón, 13 - Madrid	100.00	
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza km. 25 Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	Deloitte
Ecogenesis Société Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Egypt Environmental Services, S.A.E.	Egypt	100.00	Deloitte
Ekostone Áridos Siderúrgicos, S.L.	Las Mercedes, 25 - Las Arenas (Vizcaya)	51.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L.	Plaça del Centre, 3 - El Vendrell (Tarragona)	66.60	Audinfor
Enviropower Investments Limited	United Kingdom	100.00	Deloitte
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 - Madrid	100.00	
FCC Ámbito, S.A. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	Deloitte
CC Environment Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environmental Services (USA) Llc.	US	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 - Madrid	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Focsa Serviços de Saneamento Urbano de Portugal, S.A.	Portugal	100.00	Deloitte
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n - Los Barrios (Cádiz)	85.00	

Company	Registered office	Effective percentage of ownership	Auditor
Gandia Serveis Urbans, S.A.	Llanterners, 6 - Gandia (Valencia)	95.00	Centium
Gestió i Recuperació de Terrenys, S.A. (Sole-Shareholder Company)	Rambla Catalunya, 2-4 - Barcelona	80.00	Audinfor
Golrib, Soluçoes de Valorizaçao de Residuos Lda.	Portugal	55.00	
.A.S.A. Group	Austria		
1. Polabská s.r.o.	Czech Republic	100.00	
.A.S.A. Abfall Service AG	Austria	100.00	Deloitte
.A.S.A. Abfall Service Betriebs GmbH	Austria	100.00	
.A.S.A. Abfall Service Freistadt GmbH	Austria	100.00	
.A.S.A. Abfall Service Halbenrain GmbH	Austria	100.00	
.A.S.A. Abfall Service Industrieviertel Betriebs GmbH	Austria	100.00	
.A.S.A. Abfall Service Mostviertel GmbH	Austria	100.00	
.A.S.A. Abfall Service Neunkirchen GmbH	Austria	100.00	
.A.S.A. Abfall Service Zistersdorf GmbH	Austria	100.00	Deloitte
.A.S.A. AbfallService Halbenrain GmbH & Co Nfg KG	Austria	100.00	Deloitte
.A.S.A. AbfallService Industrieviertel GmbH & Co Nfg KG	Austria	100.00	
.A.S.A. AbfallService Wiener Neustadt GmbH	Austria	100.00	
.A.S.A. Bulgaria E.O.O.D.	Bulgaria	100.00	Deloitte
.A.S.A. Ceské Budêjovice s.r.o.	Czech Republic	75.00	Deloitte
.A.S.A. Dacice s.r.o.	Czech Republic	60.00	
.A.S.A. EKO d.o.o.	Serbia	100.00	Deloitte
.A.S.A. EKO Polska Sp. z o.o.	Poland	100.00	Deloitte
.A.S.A. EKO Znojmo s.r.o.	Czech Republic	49.72	Deloitte
.A.S.A. Es Únanov s.r.o.	Czech Republic	66.00	
.A.S.A. Finanzdienstleistungen GmbH	Austria	100.00	
.A.S.A. Hódmezövásárhely Köztisztasági Kft	Hungary	61.83	Deloitte
.A.S.A. Hp, spol. s.r.o.	Czech Republic	100.00	Deloitte
.A.S.A. International Environmental Services GmbH	Austria	100.00	
.A.S.A. Kikinda d.o.o.	Serbia	80.00	Deloitte
.A.S.A. Liberec s.r.o.	Czech Republic	55.00	Deloitte
.A.S.A. Lubliniec Sp. z o.o.	Poland	61.97	
.A.S.A. Magyarország Környezetvédelemi És HKft	Hungary	100.00	Deloitte
.A.S.A. Macedonia dooel	Macedonia	100.00	
.A.S.A. Odpady Litovel s.r.o.	Czech Republic	49.00	

Company	Registered office	Effective percentage of ownership	Auditor
.A.S.A. Servicii Ecologice s.r.l.	Romania	100.00	Deloitte
.A.S.A. Slovensko, spol. s.r.o.	Slovakia	100.00	Deloitte
.A.S.A. Sluzby Zabovresky s.r.o.	Czech Republic	89.00	
.A.S.A., spol. s.r.o.	Czech Republic	100.00	Deloitte
.A.S.A. Tarnobrzeg Sp. z o.o.	Poland	60.00	Deloitte
.A.S.A. TRNAVA, spol. s.r.o.	Slovakia	50.00	Deloitte
.A.S.A. TS Prostejov s.r.o.	Czech Republic	49.00	Deloitte
.A.S.A. Vrbak d.o.o.	Serbia	51.02	
.A.S.A. Zabcice, spol. s.r.o.	Czech Republic	80.00	
.A.S.A. Zohor, spol. s.r.o.	Slovakia	85.00	Deloitte
Bec Odpady s.r.o.	Czech Republic	100.00	Deloitte
Czysta Energia Gdansk Sp. z o.o.	Poland	100.00	
Ecoservice Lovetech	Bulgaria	90.00	
EKO-Radomsko Sp. z o.o.	Poland	100.00	
Entsorga Entsorgungs GmbH Nfg KG	Austria	100.00	
Inerta Abfallbehandlungs GmbH	Austria	100.00	
Miejskie Przedsiebiorstwo Gospodarki Komunalnej Sp. z o.o.	Poland	80.00	Deloitte
Obsed A.S.	Czech Republic	100.00	
Quail, spol. s.r.o.	Czech Republic	100.00	Deloitte
Regios a.s.	Czech Republic	99.99	Deloitte
RSUO Dobritch	Bulgaria	62.00	
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej, Sp. z o.o.	Poland	60.00	
Skládka Uhy, spol. s.r.o.	Czech Republic	100.00	Deloitte
Technické Sluzby - .A.S.A. s.r.o.	Slovakia	100.00	Deloitte
Textil Verwertung GmbH	Austria	100.00	
FCC Environment Group:	United Kingdom		
3C Holding Limited	United Kingdom	100.00	
3C Waste Limited	United Kingdom	100.00	Deloitte
Allington O&M Services Limited	United Kingdom	100.00	Deloitte
Allington Waste Company Limited	United Kingdom	100.00	Deloitte
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Deloitte
Anti-Waste Limited	United Kingdom	100.00	Deloitte
Arnold Waste Disposal Limited	United Kingdom	100.00	Deloitte

Company	Registered office	Effective percentage of ownership	Auditor
BDR Property Limited	United Kingdom	80.02	Deloitte
BDR Waste Disposal Limited	United Kingdom	100.00	Deloitte
Darrington Quarries LimitedUnited Kingdom	United Kingdom	100.00	Deloitte
Derbyshire Waste Limited	United Kingdom	100.00	Deloitte
East Waste Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Holdings Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire (Support Services) Limited	United Kingdom	100.00	Deloitte
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (Lincolnshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environment Limited	United Kingdom	100.00	
FCC Environmental Services UK Limited	United Kingdom	100.00	
FCC PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Recycling (UK) Limited	United Kingdom	100.00	Deloitte
FCC Waste Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Limited	United Kingdom	100.00	Deloitte
Finstop Limited	United Kingdom	100.00	Deloitte
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Deloitte
Integrated Waste Management Limited	United Kingdom	100.00	Deloitte
Kent Energy Limited	United Kingdom	100.00	Deloitte
Kent Enviropower Limited	United Kingdom	100.00	Deloitte
Landfill Management Limited	United Kingdom	100.00	Deloitte
Lincwaste Limited	United Kingdom	100.00	Deloitte
Norfolk Waste Limited	United Kingdom	100.00	Deloitte
Pennine Waste Management Limited	United Kingdom	100.00	Deloitte
RE3 Holding Limited	United Kingdom	100.00	Deloitte
RE3 Limited	United Kingdom	100.00	Deloitte
T Shooter Limited	United Kingdom	100.00	Deloitte

Company	Registered office	Effective percentage of ownership	Auditor
Waste Recovery Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Deloitte
Wastenotts (Reclamation) Limited	United Kingdom	100.00	Deloitte
Wastenotts O&M Services Limited	United Kingdom	100.00	Deloitte
Welbeck Waste Management Limited	United Kingdom	100.00	Deloitte
WRG (Midlands) Limited	United Kingdom	100.00	Deloitte
WRG (Northern) Limited	United Kingdom	100.00	Deloitte
WRG Acquisitions 2 Limited	United Kingdom	100.00	
WRG Environmental Limited	United Kingdom	100.00	Deloitte
WRG Waste Services Limited	United Kingdom	100.00	
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 - Castañedo (Cantabria)	90.00	Deloitte
International Services Inc., S.A. (Sole-Shareholder Company)	Av. Camino de Santiago, 40 - Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca, Sector B, calle D 49 - Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou - Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6 - Cartagena (Murcia)	90.00	Deloitte
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort - Santa Margalida (Balearic Islands)	100.00	Deloitte
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 - Alcorcón (Madrid)	100.00	Deloitte
Recuperació de Pedreres, S.L.	Rambla de Catalunya, 2 - Barcelona	80.00	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Doctor Jiménez Rueda, 10 - Atarfe (Granada)	60.00	Capital Auditors
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	Cataudit Auditors Associats
Servicios de Levante, S.A.	Camino Pla Museros, s/n - Almazora (Castellón)	100.00	Deloitte
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Societat Municipal Medioambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 - Igualada (Barcelona)	65.91	Centium
Telford & Wrekin Services Ltd.	United Kingdom	100.00	Deloitte
Tratamientos y Recuperaciones Industriales, S.A.	Rambla de Catalunya, 2-4, P.5 - Barcelona	75.00	
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 - P.I. Patada del Cid - Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A - Bilbao (Vizcaya)	100.00	

Company	Registered office	Effective percentage of ownership	Auditor
AQUALIA			
Abrantaqua - Serviço de Aguas Residuais Urbanas do Municipio de Abrantes, S.A.	Portugal	60.00	Oliveria & Reis
Acque di Caltanissetta, S.p.A.	Italy	98.48	Deloitte
Aguas de Alcázar Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 - Alcázar de San Juan (Ciudad Real)	52.38	Centium
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	Deloitte
Aigües de Vallirana, S.A. (Sole-Shareholder Company)	Conca de Tremp, 14 - Vallirana (Barcelona)	100.00	
Aqua Campiña, S.A.	Av. Blas Infante, 6 - Écija (Sevilla)	90.00	Audinfor
Aquacartaya, S.L.	Av. San Francisco Javier, 15 - Sevilla	100.00	
Aquaelvas - Aguas de Elvas, S.A.	Portugal	100.00	Deloitte
Aquafundalia - Agua Do Fundäo, S.A.	Portugal	100.00	Deloitte
Aquajerez, S.L.	Cristalería, 24. Pol. Ind. Ronda Oeste - Jerez de la Frontera (Cádiz)	51.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 - Madrid	51.00	Deloitte
Aqualia Infraestructuras, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	Deloitte
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	100.00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	100.00	
Aqualia Infraestructuras de México, S.A. de C.V.	Mexico	100.00	Deloitte
Aqualia Infraestructuras Inzenyring s.r.o.	Czech Republic	51.00	ABC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	100.00	
Aqualia Infraestructuras Pristina Llc.	Kosovo	100.00	
Aqualia New Europe, B.V.	The Netherlands	51.00	Deloitte
Aqua Management Solutions, B.V.	The Netherlands	30.60	Deloitte
Aquamaior - Aguas de Campo Maior, S.A.	Portugal	100.00	Deloitte
Cartagua, Aguas do Cartaxo, S.A.	Portugal	60.00	Oliveria & Reis
Colaboración, Gestión y Asistencia, S.A.	Federico Salmón, 13 - Madrid	100.00	
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 - Huelva	60.00	
Conservación y Sistemas, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Depurplan 11, S.A.	San Miguel, 4 3º B - Zaragoza	100.00	Audinfor
Depurtebo, S.A.	San Pedro, 57 - Zuera (Zaragoza)	100.00	
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 - Madrid	100.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 - Madrid	70.00	
Entenmanser, S.A.	Castillo, 13 - Adeje (Santa Cruz de Tenerife)	97.00	Deloitte

Company	Registered office	Effective percentage of ownership	Auditor
FCC Aqualia, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
FCC Aqualia América, S.A. (Sole-Shareholder Company)	Av. Camino de Santiago, 40 - Madrid	100.00	
FCC Aqualia USA Corp.	US	100.00	Berkowitz Pollack Brant
F.S. Colaboración y Asistencia, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
Hidrotec Tecnología del Agua, S.L. (Sole-Shareholder Company)	Av. Kansas City, 9 - Sevilla	100.00	Deloitte
Infraestructuras y Distribución General de Aguas, S.L. (Sole-Shareholder Company)	La Presa , 14 - Adeje (Santa Cruz de Tenerife)	100.00	
Inversora Riutort, S.L.	Berlín, 38-43 - Barcelona	100.00	
Ovod, spol. s.r.o.	Czech Republic	100.00	ABC Audit s.r.o.
Severomoravské Vodovody a Kanalizace Ostrava a.s.	Czech Republic	50.32	Deloitte
Sociedad Española de Aguas Filtradas, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	Deloitte
Sociedad Ibérica del Agua, S.A. (Sole-Shareholder Company)	Av. Camino de Santiago, 40 - Madrid	100.00	
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100.00	
Agregados y Materiales de Panamá, S.A.	Panama	100.00	
Alpine Consulting d.o.o.	Slovenia	100.00	
Alpine - Energie Holding AG	Germany	100.00	
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca)	100.00	
BBR Pretensados y Técnicas Especiales, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
Binatec Al Maghreb, S.A.	Morocco	100.00	
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100.00	
Concesiones Viales S. de R.L. de C.V.	Mexico	99.97	Deloitte
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L. (1)	Acanto, 22 - Madrid	100.00	
Consorcio FCC Iquique Ltda.	Chile	100.00	
Construcción y Filiales Mexicanas, S.A. de C.V.	Mexico	100.00	Deloitte
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Deloitte

(1) Change of name. Formerly Pinturas Jaque, S.L.

Company	Registered office	Effective percentage of ownership	Auditor
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Av. de Santander, 3-1º - Oviedo (Asturias)	100.00	Deloitte
Corporación M&S de Nicaragua, S.A.	Nicaragua	100.00	
Desarrollo y Construcción Deyco CRCA, S.A.	Costa Rica	100.00	
Dizara Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
Edificadora MSG, S.A.	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
EHST - European High-Speed Trains SGPS, S.A.	Portugal	85.71	Deloitte
Eólica Catvent, S.L.	Balmes, 36 - Barcelona	80.04	
FCC Colombia, S.A.S.	Colombia	100.00	
FCC Construcción, S.A.	Balmes, 36 - Barcelona	100.00	Deloitte
FCC Construcción América, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Deloitte
Construcción Perú, S.A.C.	Peru	100.00	Deloitte
FCC Construcción Polska Sp. z o.o.	Poland	100.00	
Construçoes do Brasil Ltda.	Brazil	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Hungary Kft	Hungary	100.00	Deloitte
FCC Construction, Inc.	US	100.00	Berkowitz Pollack Brant
FCC Construction International, B.V.	The Netherlands	100.00	
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Deloitte
FCC Edificadora CR, S.A.	Costa Rica	100.00	
Electromechanical Llc.	Saudi Arabia	100.00	
FCC Elliott Construction Limited	Ireland	100.00	Deloitte
FCC Elliott UK Limited	United Kingdom	50.10	Deloitte
Industrial Colombia, S.A.S.	Colombia	100.00	
FCC Industrial de Panamá, S.A.	Panama	100.00	Deloitte
FCC Industrial e Infraestructuras Energéticas, S.A. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	Deloitte
FCC Industrial Perú, S.A.	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Deloitte

Company	Registered office	Effective percentage of ownership	Auditor
FCC Industriale S.R.L.	Italy	100.00	
FCC Mersey Gateway Ltd.	United Kingdom	100.00	
FCC Mersey Gateway Investments Ltd.	United Kingdom	100.00	
FCC Power Generation, S.L. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	
FCC Servicios Industriales y Energéticos México, S.A. e C.V.	Mexico	100.00	Deloitte
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Fomento de Construcciones y Contratas Construction Ireland Limited	Ireland	100.00	Deloitte
Portugal Montagens Eléctricas, Lda.	Portugal	97.00	
Guinea Ecuatorial Fomento de Construcciones y Contratas Construcción, S.A.	Equatorial Guinea	65.00	
Guzmán Energy O&M, S.L.	Federico Salmón, 13 - Madrid	70.00	
Ibervia Construcciones y Contratas, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
M&S Concesiones, S.A.	Costa Rica	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta - Madrid	100.00	Deloitte
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. (Sole-Shareholder Company)	Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid)	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	
Motre, S.L.	Balmes, 36 - Barcelona	100.00	
Moviterra, S.A.	Balmes, 36 - Barcelona	100.00	
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
Nevasa Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
Pedrera Les Gavarres, S.L.	Balmes, 36 - Barcelona	100.00	
Prefabricados Delta, S.A. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	Deloitte
Proyectos y Servicios, S.A. (Sole-Shareholder Company)	Acanto, 22 - Madrid	100.00	Deloitte
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A.	Portugal	100.00	Deloitte
Servià Cantó, S.A.	Balmes, 36 - Barcelona	100.00	
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	Deloitte
Sincler, S.A. (Sole-Shareholder Company)	Av. Camino de Santiago, 40 - Madrid	100.00	
Tema Concesionaria, S.A.	Porto Pi, 8- Palma de Mallorca (Balearic Islands)	100.00	

Company	Registered office	Effective percentage of ownership	Auditor
Tulsa Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
Vela Borovica Koncern d.o.o.	Croatia	100.00	
CEMENT			
Canteras de Aláiz, S.A.	Dormilatería, 72 - Pamplona (Navarra)	55.37	Deloitte
Carbocem, S.A.	Paseo de la Castellana, 45 - Madrid	55.12	Deloitte
Cementos Alfa, S.A.	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	69.64	Deloitte
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 - Pamplona (Navarra)	79.08	Deloitte
Coastal Cement Corporation	US	79.08	
Dragon Alfa Cement Limited	United Kingdom	69.64	Deloitte
Dragon Energy, Llc.	US	79.08	
Dragon Portland Limited	US	79.08	
Dragon Products Company, Inc.	US	79.08	
Giant Cement Company	US	79.08	
Giant Cement Holding Inc.	US	79.08	Deloitte
Giant Cement NC, Inc.	US	79.08	
Giant Cement Virginia, Inc.	US	79.08	
Giant Resource Recovery, Inc.	US	79.08	
Giant Resource Recovery - Arvonia, Inc.	US	79.08	
Giant Resource Recovery - Attalla, Inc.	US	79.08	
Giant Resource Recovery - Harleyville, Inc.	US	79.08	
Giant Resource Recovery - Sumter, Inc.	US	79.08	
Hormigones de la Jacetania, S.A.	Llano de la Victoria - Jaca (Huesca)	49.43	KPMG
Keystone Cement Company	US	79.08	
Prebesec Mallorca, S.A.	Santa Margarida i els Monjos (Barcelona)	54.14	
Sechem, Inc.	US	79.08	
Select Beton, S.A.	Tunisia	69.46	Mourad Guellaty
Société des Ciments d'Enfidha	Tunisia	69.48	Mourad Guellaty - Cabinet Deloitte
Uniland Acquisition Corporation	US	79.08	
Uniland International, B.V.	The Netherlands	79.08	
Uniland Trading, B.V.	The Netherlands	79.08	

Company	Registered office	Effective percentage of ownership	Auditor
OTHER ACTIVITIES			
Alpetrol, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 - Madrid	100.00	
Autovía Conquense, S.A.	Acanto, 22 - Madrid	100.00	Deloitte
Bvefdomintaena Beteiligungsverwaltung GmbH	Austria	100.00	
Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	PriceWaterhouseCoopers
Compañía General de Servicios Empresariales, S.A. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.59	Deloitte
Corporación Española de Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	
Costa Verde Habitat, S.L.	Orense, 11 - Madrid	100.00	
Europea de Gestión, S.A. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	
F-C y C, S.L. (Sole-Shareholder Company)	Federico Salmón, 13 - Madrid	100.00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 - Madrid	100.00	
FCC Energía Aragón I, S.L.	Manuel Lasala, 36 - Zaragoza	100.00	
FCC Energía Aragón II, S.L.	Manuel Lasala, 36 - Zaragoza	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 - Madrid	100.00	
Fedemes, S.L.	Federico Salmón, 13 - Madrid	100.00	
Geneus Canarias, S.L. (Sole-Shareholder Company)	Electricista, 2. U.I. de Salinetas - Telde (Las Palmas)	100.00	
Geral I.S.V. Brasil Ltda.	Brazil	100.00	
Per Gestora Inmobiliaria, S.L.	Federico Salmón, 13 - Madrid	100.00	
PPP Infraestructure Investments, B.V.	The Netherlands	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Acanto, 22 - Madrid	100.00	
Zona Verde - Promoçao e Marketing Limitada	Portugal	100.00	PriceWaterhouseCoopers

Appendix II. Companies Controlled Jointly with Non-Group Third Parties (Accounted for Using the Equity Method)

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 - Barcelona	12,905	13,143	50.00	Deloitte
Beacon Waste Limited	United Kingdom	1,700	1,588	50.00	Deloitte
Ecoparc del Besòs, S.A.	Rambla Cataluña, 91-93 - Barcelona	5,833	5,408	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n - Lloret de Mar (Girona)	179	227	50.00	
Electrorecycling, S.A.	Ctra. BV - 1224 km. 6.750 - El Pont de Vilomara i Rocafort (Barcelona)	1,370	1,351	33.33	
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 - Torrox (Málaga)	531	379	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Av. Zorreras, 8 - Rincón de la Victoria (Málaga)	287	327	50.00	Audinfor
Fisersa Ecoserveis, S.A.	Alemanya, 5 - Figueres (Girona)	191	189	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valoración integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos - Getafe (Madrid)	108	219	50.00	Deloitte
Hades Soluciones Medioambientales, S.L.	Mayor, 3 - Cartagena (Murcia)	60	60	50.00	
Ingeniería Urbana, S.A.	Calle I esquina calle 3, P.I. Pla de la Vallonga - Alicante	4,471	4,592	35.00	
Mediaciones Comerciales Ambientales, S.L.	Av. Roma, 25 - Barcelona	393	157	50.00	
Mercia Waste Management Ltd.	United Kingdom	14,804	10,921	50.00	Deloitte
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n - Granada	(930)	(611)	50.00	
Pilagest, S.L.	Ctra. BV - 1224 km. 6.750 - El Pont de Vilomara i Rocafort (Barcelona)	56	206	50.00	
Reciclado de Componentes Electrónicos, S.A.	E Pol. Actividades Medioambientales - Aznalcóllar (Sevilla)	2,361	2,487	37.50	KPMG
Senblen, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	(90)	(90)	50.00	
Servicios de Limpieza Integral de Málaga III, S.A.	Camino Térmica, 83 - Málaga	1,619	1,563	26.01	PriceWaterhouseCoopers
Servicios Urbanos de Málaga, S.A.	Ulises, 18 - Madrid	367	368	51.00	
Severn Waste Services Limited	United Kingdom	202	203	50.00	Deloitte
Shelford Composting Limited	United Kingdom	—	—	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 - Barcelona	849	430	33.33	Castellà Auditors Consultors, S.L.P.
Zabalgarbi, S.A.	Camino de Artigas, 10 - Bilbao (Vizcaya)	11,879	11,414	30.00	KPMG

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 - Sama de Langreo (Asturias)	857	829	49.00	Audinfor
Aguas de Narixa, S.A.	Málaga, 11 - Nerja (Málaga)	293	252	50.00	Audinfor
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 - Girona	214	195	26.89	Cataudit Auditors Associats, S.L.
A.I.E. Itam Delta de la Tordera	Berlín, 38-48 - Barcelona	—	(2)	50.10	
Compañía de Servicios Medioambientales Do Atlántico, S.A.	Ctra. de Cedeira km. 1 - Narón (La Coruña)	342	322	49.00	Audinfor
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(1,012)	(929)	24.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Av. Juan Luis Peralta, s/n - Benalmádena (Málaga)	1,936	1,797	50.00	Audinfor
Girona, S.A.	Travessera del Carril, 2 - Girona	1,800	1,688	33.61	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	200	283	49.50	Salles Sainz Grant Thorton
Orasqualia Construction, S.A.E.	Egypt	(160)	(180)	50.00	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	19,779	20,149	27.95	Deloitte
Orasqualia Operation and Maintenance, S.A.E.	Egypt	657	844	50.00	Deloitte
CONSTRUCTION					
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	87	73	50.00	Salles Sainz Grant Thorton
Altos del Javier, S.A.	Panama	—	—	50.00	
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	(753)	(1,687)	50.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,628	1,143	50.00	Salles Sainz Grant Thornton
Construcciones Olabarri, S.L.	Ripa, 1 - Bilbao (Vizcaya)	4,571	4,536	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(992)	(908)	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,254	1,328	51.00	Deloitte
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(31,505)	(43,164)	40.00	Deloitte
Dragados FCC Canada Inc.	Canada	(531)	(761)	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. General Perón, 36 - Madrid	2	2	50.00	
FCC Elliott Construction Limited	Ireland	—	(3,443)	50.00	Deloitte

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Balearic Islands)	—	7,502	50.00	Deloitte
Integral Management Future Renewables, S.L.	A Condomiña, s/n - Ortoño (La Coruña)	2,339	2,148	50.00	Deloitte
Marina de Laredo, S.A.	Pasaje de Puntida, 1 - Santander (Cantabria)	332	(732)	50.00	
MDM-Teide, S.A.	Panama	—	1,186	50.00	
North Tunnels Canada Inc.	Canada	(8,460)	(17,926)	50.00	
OHL Co. Canada & FCC Canada Ltd. Partnership	Canada	(62,268)	(58,495)	50.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	—	(28)	50.00	
Peri 3 Gestión, S.L.	General Álava, 26 - Vitoria -Gasteiz (Álava)	2	2	50.00	
Proyecto Front Marítim, S.L.	Paseo de Gracia, 120 - Barcelona	—	(7,907)	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	161	160	51.00	Deloitte
Sociedad Concesionaria Tranvía de Murcia, S.A.	Olof Palmer, s/n - Murcia	—	18,631	50.00	Deloitte
Teide-MDM Quadrat, S.A.	Panama	—	202	50.00	
Western Carpathians Motorway Investors Company GmbH	Austria	14	10	40.00	
Zílinská Dialnica s.r.o.	Slovakia	—	(172)	40.00	
CEMENT					
Carbocem, S.A.	Paseo de la Castellana, 45 - Madrid	73	73	55.12	Deloitte
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229,5 La Creu de l'Ordal - Subirats (Barcelona)	3,768	3,704	39.54	Deloitte
OTHER ACTIVITIES					
Altos del Javier, S.A.	Panama	—	—	50.00	
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Balearic Islands)	9,053	—	50.00	Deloitte
MDM-Teide, S.A.	Panama	1,308	—	50.00	
Proyecto Front Marítim, S.L.	Paseo de Gracia, 120 - Barcelona	(6,695)	—	50.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Olof Palmer, s/n - Murcia	18,409	—	50.00	Deloitte
FM Green Power Investments subgroup	Velázquez, 47 7ª planta - Madrid	7,278	7,278	49.00	
Teide-MDM Quadrat, S.A.	Panama	233	—	50.00	
Total value of companies accounted for using the equity method (joint ventures)		**23,359**	**(7,466)**		

Appendix III. Associates (Accounted for Using the Equity Method)

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrenzana La Granda - Carreño (Asturias)	867	792	23.49	
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 - Zaragoza	13	25	12.00	PriceWaterhouseCoopers y Vilalba, Embid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón km. 58 - Zaragoza	610	621	33.00	
Betearte, S.A. (Sole-Shareholder Company)	Cr. BI - 3342 pk 38 Alto de Areitio - Mallabia (Vizcaya)	485	809	33.33	PKF Attest
Gestión Integral de Residuos Sólidos, S.A.	Profesor Beltrán Báquena, 4 - Valencia	5,216	5,678	49.00	Fides Auditores, S.L.
.A.S.A. Group:		5,780	5,976		
.A.R.K. Technicke Sluzby s.r.o.	Slovakia	–	–	50.00	Deloitte
.A.S.A. + NHSZ Környezetvédelmi H Kft	Hungary	–	–	50.00	Interaudit
.A.S.A. Hlohovec s.r.o.	Slovakia	–	–	50.00	
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	–	–	25.50	Interaudit
ASTV s.r.o.	Czech Republic	–	–	49.00	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	49.00	
Killer GmbH	Austria	–	–	50.00	
Killer GmbH & Co KG	Austria	–	–	50.00	
Recopap s.r.o.	Slovakia	–	–	50.00	Deloitte
Technické a Stavební Sluzby a.s.	Czech Republic	–	–	50.00	
Tirme Group		8,358	13,015		
Balear de Trituracions, S.L.	Cr. de Soller km. 8.2 - Palma de Mallorca (Balearic Islands)	–	–	10.40	
MAC Insular, S.L.	Camí Son Reus. Ctra. De Soller km. 8.2 - Bunyola (Balearic Islands)	–	–	14.00	Deloitte
MAC Insular Segunda, S.L.	Cr. de Soller km. 8.2 - Palma de Mallorca (Balearic Islands)	–	–	15.00	
Tirme, S.A.	Ctra. Soller km. 8.2 Camino de Son Reus - Palma de Mallorca (Balearic Islands)	–	–	20.00	Deloitte
Pallars Jussà Neteja i Serveis, S.A.	Pau Casals, 14 - Tremp (Lleida)	–	26	40.80	
Sogecar, S.A.	Polígono Torrelarragoiti - Zamudio (Vizcaya)	312	362	30.00	

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 - Archidona (Málaga)	60	59	48.00	Centium
Aguas de Denia, S.A.	Abú Zeyan, 11 - Denia (Alicante)	401	403	33.00	
Aguas de Priego, S.L.	Pz. de la Constitución, 3 - Priego de Córdoba (Córdoba)	(18)	5	49.00	Audinfor
Aguas de Ubrique, S.A.	Av. España, 9 - Ubrique (Cádiz)	(1)	(12)	49.00	
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 - El Puerto de Santa María (Cádiz)	3,808	3,930	48.98	Deloitte
Aigües de Blanes, S.A.	Canigó, 5 - Blanes (Girona)	56	55	16.47	
Aigües del Segarra Garrigues, S.A.	Av. de Tarragona, 6 - Tárrega (Lleida)	–	–	1.00	Deloitte
Aigües del Tomoví, S.A.	Pz. Vella, 1 - El Vendrell (Tarragona)	524	642	49.00	
Aqualia Mace Operation & General Maintenance Llc.	United Arab Emirates	385	2,062	51.00	Deloitte
Aquos El Realito, S.A. de C.V.	Mexico	4,910	4,745	49.00	Deloitte
Augas Municipais de Arteixo, S.A.	Pz. Alcalde Ramón Dopico - Arteixo (La Coruña)	–	62	51.00	
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n - Ibiza (Balearic Islands)	1,327	1,072	50.00	BDO Auditores, S.L.P.
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,666)	(1,040)	24.50	Deloitte
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Pz. de la Goleta, 1 - Nijar (Almería)	220	220	49.00	Centium
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado s/n (Ed. Serv. Múltiples PL4) -Ubrique (Cádiz)	53	110	49.00	Deloitte
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen - Algeciras (Cádiz)	186	229	49.00	Abante Unicontrol Auditores, S.L.P.
Empresa Municipal de Aguas de Jodar, S.A.	Pz. España, 1 - Jodar (Jaén)	(34)	(32)	49.00	Centium
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 - Linares (Jaén)	482	(131)	49.00	Centium
Centium Empresa Municipal de Aguas de Toxiria, S.A.	Cristóbal Colón, 104 - Torredonjimeno (Jaén)	76	84	49.00	Centium
Generávila, S.A.	Pz. de la Catedral, 11 - Ávila	–	71	36.00	
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé de Roselló, 18 - Ibiza (Balearic Islands)	61	85	40.00	
Operadora El Realito, S.A. de C.V.	Mexico	27	–	15.00	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A.de C.V.	Mexico	1	1	24.50	
Proveïments d'Aigua, S.A.	Astúries, 9 - Girona	397	331	15.12	
Sera Q A Duitama E.S.P., S.A.	Colombia	16	24	30.60	
Shariket Miyeh Ras Djinet, S.P.A.	Algeria	10,371	11,063	25.50	
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	28,090	28,482	25.50	
Suministro de Agua de Querétaro, S.A. de C.V.	Mexico	11,223	11,126	25.00	Deloitte

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,982	–	50.00	Deloitte
Aigües del Segarra Garrigues, S.A.	Av. de Tarragona, 6 - Tárrega (Lleida)	6,001	6,242	24.68	Deloitte
Autopistas del Valle, S.A.	Costa Rica	1,323	1,186	48.00	
Baross Ter Ingatlanprojekt-Fejleszto Kft	Hungary	400	405	20.00	
BBR VT International Ltd.	Switzerland	1,680	1,484	22.50	
Cleon, S.A.	Av. General Perón, 36 - Madrid	–	24,722	25.00	KPMG
Concesionaria Atención Primaria, S.A.	Plaza Es Fortí, 4 - Palma de Mallorca (Balearic Islands)	–	2,343	33.00	Deloitte
Concessió Estacions Aeroport L9, S.A.	Av. Carrilet, 3 Edificio D - L'Hospitalet de Llobregat (Barcelona)	–	(36,088)	49.00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	5	–	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,465)	(1,038)	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	3,435	6,388	50.00	Deloitte
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	–	98	50.00	
Costa Verde Habitat, S.L.	Orense, 11 - Madrid	–	4,334	50.00	
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	1,936	2,051	25.00	
Design Build and Operation, S.L.	Av. Eduardo Dato, 69 - Sevilla	7	8	40.00	
EFI Túneles Necaxa, S.A. de C.V.	Mexico	294	133	45.00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	–	–	40.00	
FCC Tarrio TX-1 Construçoes Ltda.	Brazil	–	394	70.00	Ernst & Young
Gesi-9, S.A.	Sorolla, 27 - Alcalá de Guadaira (Sevilla)	–	–	74.90	
Cedinsa Concessionària Group		–	40,429		
Cedinsa Concessionària, S.A.	Tarragona, 141 - Barcelona	–	–	34.00	Deloitte
Cedinsa Conservació, S.L. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa Eix del Llobregat Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa Eix Transversal Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
Cedinsa Ter Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Sensefields, S.L.	Gran Via de les Corts Catalanes, 674 - Barcelona	–	–	30.60	
Foment de Construccions i Consulting Group	Andorra	(22)	12	33.30	
MWG Wohnbau GmbH Group	Austria	–	1,290	50.00	
Horizontes de Vías y Señales Centroamérica, S.A.	Costa Rica	85	–	50.00	
Horizontes de Vías y Señales Panamá, S.A.	Panama	106	–	25.00	
Las Palmeras de Garrucha, S.L. - in liquidation	Mayor, 19 - Garrucha (Almería)	–	997	20.00	
M50 (D&C) Limited	Ireland	(3,233)	(3,259)	42.50	
Metro de Lima Línea 2, S.A.	Peru	–	8,347	18.25	Ernst & Young
Metro de Málaga, S.A.	Camino de Santa Inés, s/n - Málaga	13,673	13,672	10.01	
N6 (Construction) Limited	Ireland	(38,416)	(38,517)	42.50	
OHL - FCC GP Canada Inc.	Canada	–	–	50.00	
Omszki-To Part Kft	Hungary	–	(35)	20.00	
Port Premiá, S.A. - in liquidation	Balmes, 36 - Barcelona	–	(555)	39.72	
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Vía Augusta, 255 Local 4 - Barcelona	1	1	25.00	
Suministro de Agua de Querétaro, S.A. de C.V.	Mexico	–	–	1.00	Deloitte
Teide Gestión del Sur, S.L.	Av. Camino de Santiago, 40 - Madrid	(1,770)	(1,475)	49.94	
Terminal Polivalente de Huelva, S.A.	La Marina, 29 - Huelva	(263)	(263)	31.50	
Urbs Iudex et Causidicus, S.A.	Av. Carrilet, 3 - L'Hospitalet de Llobregat (Barcelona)	–	(15,578)	29.00	Deloitte
Urbs Iustitia Commodo Opera, S.A.	Av. Carrilet, 3 - L'Hospitalet de Llobregat (Barcelona)	527	459	35.00	
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	377	354	27.34	
Canteras y Hormigones VRE, S.A.	Arieta, 13 - Estella (Navarra)	311	436	39.54	KPMG
Hormigones Calahorra, S.A.	Brebicio, 25 - Calahorra (La Rioja)	–	(428)	39.54	
Hormigones Castro, S.A.	Ctra. Irún-La Coruña km. 153 - Islares (Cantabria)	310	315	27.85	
Hormigones del Baztán, S.L.	Estella, 6 - Pamplona (Navarra)	554	559	39.54	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	391	450	39.54	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita km. 0 - Valtierra (Navarra)	1,648	1,555	39.54	

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
Hormigones Galizano, S.A.	Ctra. Irún - La Coruña km. 184 - Gama (Cantabria)	159	167	34.82	
Hormigones Reinares, S.A.	Praje Murillo de Calahorra, s/n - Calahorra (La Rioja)	508	520	39.54	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Biescas - Sabiñánigo (Huesca)	5,725	5,760	39.54	KPMG
Lázaro Echevarría, S.A.	Isidoro Melero - Alsasua (Navarra)	9,322	9,773	22.15	KPMG
Navarra de Transportes, S.A.	Ctra. Pamplona-Vitoria km. 52 - Olazagutia (Navarra)	926	1,111	26.36	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	141	161	19.77	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	1,162	1,140	26.36	
Silos y Morteros, S.L.	Ctra. De Pamplona km.1 - Logroño (La Rioja)	–	12	26.36	
Terminal Cimentier de Gabes-Gie	Tunisia	57	88	23.16	Ernst & Young
Vescem-LID, S.L.	Valencia, 245 - Barcelona	41	46	19.77	
OTHER ACTIVITIES					
Cleon, S.A.	Av. General Perón, 36 - Madrid	24,949	–	25.00	KPMG
Concesionaria Atención Primaria, S.A.	Plaza Es Fortí, 4 - Palma de Mallorca (Balearic Islands)	2,133	–	33.00	Deloitte
Concessió Estacions Aeroport L9, S.A.	Av. Carrilet, 3 Edificio D - L'Hospitalet de Llobregat (Barcelona)	(16,908)	–	49.00	Deloitte
Costa Verde Habitat, S.L.	Orense, 11 - Madrid	–	–	50.00	
Cedinsa Concessionària Group		20,664	–	34.00	
Cedinsa Concessionària, S.A.	Tarragona, 141 - Barcelona	–	–	34.00	Deloitte
Cedinsa Conservació, S.L. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa D'Aro Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa Eix del Llobregat Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa Eix Transversal Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Cedinsa Ter Concesionaria de la Generalitat de Catalunya, S.A. (Sole-Shareholder Company)	Tarragona, 141 - Barcelona	–	–	34.00	
Sensefields, S.L.	Gran Via de les Corts Catalanes, 674 - Barcelona	–	–	30.60	
Realia Business Group	Paseo de la Castellana, 216 - Madrid	120,189	54,437	39.96	Deloitte
Las Palmeras de Garrucha, S.L. - in liquidation	Mayor, 19 - Garrucha (Almería)	995	–	20.00	
Metro de Lima Línea 2, S.A.	Peru	17,413	–	18.25	

Company	Registered office	Carrying amount of the investment 2015	Carrying amount of the investment 2014	Effective percentage of ownership	Auditor
Sigenera, S.L.	Av. De Linares Rivas, 1 - La Coruña	379	396	50.00	Deloitte
Urbs Iudex et Causidicus, S.A.	Av. Carrilet, 3 - L'Hospitalet de Llobregat (Barcelona)	–	–	29.00	Deloitte
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES)		**253,329**	**131,990**		

Appendix IV. Changes in the Scope of Consolidation

INCLUSIONS	Registered office
FULLY CONSOLIDATED COMPANIES	
AQUALIA INFRAESTRUCTURAS D.O.O. - BEOGRAD-VRACAR	Serbia
AQUALIA INFRAESTRUCTURAS PRISTINA LLC.	Kosovo
BEOOTPAD D.O.O. - BEOGRAD	Serbia
COLOMBIANA DE INFRAESTRUCTURAS, S.A.S.	Colombia
CONSORCIO FCC IQUIQUE LTDA.	Chile
DRAGON PORTLAND LIMITED	US
FCC AQUALIA USA CORP.	US
FCC ELECTROMECHANICAL LLC.	Saudi Arabia
ASSOCIATES	
OPERADORA EL REALITO, S.A. DE C.V.	Mexico

EXCLUSIONS	Registered office
FULLY CONSOLIDATED COMPANIES	
AQUALIA INDUSTRIAL SOLUTIONS, S.A.(1)	Federico Salmón, 13 – Madrid
BETA DE ADMINISTRACIÓN, S.A.(2)	Camino de Santiago, 40 – Madrid
C.G.T. CORPORACIÓN GENERAL DE TRANSPORTES, S.A.(2)	Camino de Santiago, 40 – Madrid
CEMUSA AMAZONIA, S.A.(3)	Brazil
CEMUSA BOSTON, LLC.(3)	US
CEMUSA BRASILIA(3)	Brazil
CEMUSA CORPORACIÓN EUROPEA DE MOBILIARIO URBANO, S.A.(3)	Francisco Sancha, 24 – Madrid
CEMUSA DO BRASIL LTDA.(3)	Brazil
CEMUSA INC.(3)	US
CEMUSA ITALIA, S.R.L.(3)	Italy
CEMUSA NY LLC.(3)	US
CEMUSA RIO, S.A.(3)	Brazil
CEMUSA SALVADOR, S.A.(3)	Brazil
CEMUSA SALVADOR, S.A. (3)	Romania

(1) Exclusion due to merger with Aqualia Infraestructuras, S.A.
(21) Exclusion due to merger by absorption of FCC Versia, S.A.
(3) Exclusion due to sale.

EXCLUSIONS	Registered office
DEZVOLTARE INFRAESTRUCTURA, S.A.(4)	Romania
ENEFI ENERGÍA, S.A. (SOLE-SHAREHOLDER COMPANY)(4)	Federico Salmón, 13 – Madrid
EQUIPOS Y PROCESOS, S.A.(4)	Basílica, 19 – Madrid
ERD-KOM ÉRDIKOMMUNÁLIS HULLADÉKKEZELÖ(4)	Hungary
FCC 1, S.L. (SOLE-SHAREHOLDER COMPANY)(5)	Federico Salmón, 13 – Madrid
FCC CONSTRUCCIONES Y CONTRATAS INTERNACIONAL, S.L. (SOLE-SHAREHOLDER COMPANY)(6)	Federico Salmón, 13 – Madrid
FCC CONSTRUCTION I-95 LLC.(4)	US
FCC ENERGÍA USA, S.L. (SOLE-SHAREHOLDER COMPANY)(4)	Federico Salmón, 13 – Madrid
FCC FOMENTO DE OBRAS Y CONSTRUCCIONES, S.L. (SOLE-SHAREHOLDER COMPANY)(6)	Federico Salmón, 13 – Madrid
FCC INMOBILIARIA CONYCON, S.L. (SOLE-SHAREHOLDER COMPANY)(6)	Federico Salmón, 13 – Madrid
SANEAMIENTO Y SERVICIOS, S.A.(7)	Federico Salmón, 13 – Madrid
SERVEIS D'ESCOMBRARIES I NETEJA, S.A.(7)	Coure s/n P.I. Riu Clar – Tarragona
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	
Joint ventures	
ZÍLINSKÁ DIALNICA, S.R.O.(4)	Slovakia
Associates	
AUGAS MUNICIPAIS DE ARTEIXO, S.A.(8)	Pz. Alcalde Ramón Dopico – Arteixo (La Coruña)
GENERÁVILA, S.A.(8)	Pz. De la Catedral, 11 – Ávila
MWG WOHNBAU GMBH GROUP(3)	Austria
HORMIGONES CALAHORRA, S.A.(3)	Brebicio, 25 – Calahorra (La Rioja)
OMSZKI-TO PART KFT(4)	Hungary
PALLARS JUSSÀ NETEJA I SERVEIS, S.A.(4)	Pau Casals, 14 – Tremp (Lleida)
SILOS Y MORTEROS, S.L.(3)	Ctra. de Pamplona km 1 – Logroño (La Rioja)

(3) Exclusion due to sale.
(4) Exclusion due to liquidation.
(5) Exclusion due to dissolution and liquidation.
(6) Exclusion due to merger with PER Gestora Inmobiliaria, S.L.
(7) Exclusion due to merger with FCC Medio Ambiente, S.A.
(8) Exclusion due to loss of significant influence. In liquidation.

Changes in the Scope of Consolidation

COMPANY	Changes in the scope of consolidation
CARBOCEM, S.A.	Previously consolidated using the equity method (joint venture). Currently fully consolidated.
COSTA VERDE HABITAT, S.L.	Previously consolidated using the equity method (associate). Currently fully consolidated.
FCC ELLIOTT CONSTRUCTION LIMITED	Previously consolidated using the equity method (joint venture). Currently fully consolidated.

Appendix V. Unincorporated Temporary Joint Ventures (UTE), Economic Interest Groupings (AIE) and Other Businesses Managed Jointly with Non-Group Third parties

	Percentage of ownership at 31 December 2015
ENVIRONMENTAL SERVICES	
PUERTO UTE	50.00
UTE ABSA - PERICA	60.00
UTE ABSA - PERICA I	60.00
UTE ABSA - PERICA II	60.00
UTE AEROPUERTO VI	50.00
UTE AGARBI	60.00
UTE AKEI	60.00
UTE ALCANTARILLADO MELILLA	50.00
UTE ALELLA	50.00
UTE ARCOS	51.00
UTE ARUCAS II	70.00
UTE BAILIN ETAPA 2	60.00
UTE BILBOKO LORATEGIAK	60.00
UTE BILBOKO SANEAMENDU	50.00
UTE BILBOKO SANEAMENDU BI	50.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BIZKAIAKO HONDARTZAK	50.00
UTE BOADILLA	50.00
UTE CANA PUTXA	20.00
UTE CARMA	50.00
UTE CASTELLANA - PO	50.00
UTE CASTELLAR DEL VALLÈS	50.00
UTE CHIPIONA	50.00
UTE CGR GUIPUZCOA	35.14
UTE COLEGIOS SANT QUIRZE	50.00

	Percentage of ownership at 31 December 2015
UTE CLAUSURA SAN MARCOS	60.00
UTE CONTENEDORES LAS PALMAS	30.00
UTE CONTENEDORES MADRID	38.25
UTE CONTENEDORES MADRID 2	36.50
UTE CTR. DE L'ALT EMPORDÀ	45.00
UTE CTR - VALLÈS	20.00
UTE CUA	50.00
UTE CYCSA-EYSSA VIGO	50.00
UTE DONOSTIAKO GARBIKETA	70.00
UTE DOS AGUAS	35.00
UTE ECOPARQUE CÁCERES	50.00
UTE ECOURENSE	50.00
UTE EFIC. ENERG. PUERTO DEL ROSARIO	60.00
UTE EKOFERRO	85.00
UTE ENERGÍA SOLAR ONDA	25.00
UTE ENLLUMENAT SABADELL	50.00
UTE ENVASES LIGEROS MÁLAGA	50.00
UTE EPELEKO PLANTA	35.00
UTE ERETZA	70.00
UTE ES VEDRA	25.00
UTE F.L.F. LA PLANA	47.00
UTE F.S.S.	99.00
UTE FCC - ERS LOS PALACIOS	50.00
UTE FCC - HIJOS DE MORENO, S.A.	50.00
UTE FCC - PERICA	60.00
UTE FCC - SUFI MAJADAHONDA	50.00

	Percentage of ownership at 31 December 2015
UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GIREF	20.00
UTE GOIERRI GARBIA	60.00
UTE ICAT LOTE 7	50.00
UTE ICAT LOTE 11	50.00
UTE ICAT LOTE 15	50.00
UTE ICAT LOTE 20 Y 22	70.00
UTE INTERIORES BILBAO	80.00
UTE JARD. UNIVERSITAT JAUME I	50.00
UTE JARDINES MOGÁN	51.00
UTE JARDINES TELDE	95.00
UTE JUNDIZ II	51.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LAGUNAS DE ARGANDA	50.00
UTE LEGIO VII	50.00
UTE LEKEITIOKO MANTENIMENDUA	60.00
UTE LIMPIEZA SANTA COLOMA	50.00
UTE LIMPIEZA Y RSU LEZO	55.00
UTE LODOS ARAZURI	50.00
UTE LOGROÑO LIMPIO	50.00
UTE LV RSU VITORIA-GASTEIZ	60.00
UTE LV Y RSU ARUCAS	70.00
UTE LV ZUMAIA	60.00
UTE LV ZUMARRAGA	60.00
UTE MANTENIMENT REG CORNELLÀ	60.00

	Percentage of ownership at 31 December 2015
UTE MANTENIMIENTO COLEGIOS II	60.00
UTE MANTENIMIENTO COLEGIOS III	60.00
UTE MAREPA - CARPA PAMPLONA	50.00
UTE MELILLA	50.00
UTE MMI 5º CONTENEDOR	60.00
UTE MNTO. MEDITERRANEA FCC	50.00
UTE MUÉRDAGO	60.00
UTE NERBIOI IBAIZABAL 5º CONTENEDOR	60.00
UTE ONDA EXPLOTACIÓN	33.33
UTE PÁJARA	70.00
UTE PAMPLONA	80.00
UTE PASAIA	70.00
UTE PASAIAKO PORTUA BI	55.00
UTE PISCINA CUBIERTA BENICARLÓ	65.00
UTE PISCINA CUBIERTA MUNICIPAL ALBATERA	93.00
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA RSI TUDELA	60.00
UTE PLANTA TR. FUERTEVENTURA	70.00
UTE PLANTA TRATAMIENTO VALLADOLID	90.00
UTE PLATGES VINARÓS	50.00
UTE PLAYAS GIPUZKOA	55.00
UTE PLAYAS GIPUZKOA II	55.00
UTE PONIENTE ALMERIENSE	50.00
UTE POSU - FCC VILLALBA	50.00
UTE PUERTO II	70.00
UTE PUERTO DE PASAIA	55.00
UTE PUERTO DE PTO DEL ROSARIO	70.00
UTE QUINTO CONTENEDOR	50.00
UTE R.S. UTE PONIENTE ALMERIENSE	50.00
UTE RBU VILLA-REAL	47.00

	Percentage of ownership at 31 December 2015
UTE RESIDENCIA	50.00
UTE RESIDUOS 3 ZONAS NAVARRA	60.00
UTE RSU TOLOSALDEA	60.00
UTE S.U. ALICANTE	33.50
UTE S.U. BENICASSIM	35.00
UTE S.U. BILBAO	60.00
UTE S.U. OROPESA DEL MAR	35.00
UTE SALTO DEL NEGRO	50.00
UTE SANEAMIENTO URBANO CASTELLÓN	65.00
UTE SANEAMIENTO VITORIA-GASTEIZ	60.00
UTE SANEJAMENT CELLERA DE TER	50.00
UTE SANEJAMENT MANRESA	80.00
UTE SANT QUIRZE DEL VALLÉS	50.00
UTE SANTA COLOMA DE GRAMANET	61.00
UTE SANTURTZIKO GARBIKETA II	60.00
UTE SASIETA	75.00
UTE SAV - FCC TRATAMIENTOS	35.00
UTE SELECTIVA LAS PALMAS	55.00
UTE SELECTIVA SAN MARCOS	65.00
UTE SELECTIVA SAN MARCOS II	63.00
UTE SELECTIVA UROLA KOSTA	60.00
UTE SELLADO VERTEDERO LOGROÑO	50.00
UTE SOLARES CEUTA	50.00
UTE SON ESPASES	50.00
UTE TOLOSAKO GARBIKETA	40.00
UTE TRANSPORTE SAN MARCOS	80.00
UTE TRANSPORTE DEBARRENA TXINGUDI	60.00
UTE TXINGUDIKO GARBIKETA	73.00
UTE UROLA ERDIA	60.00
UTE URRETXU Y ZUMARRAGA	65.00
UTE URTETA	50.00

	Percentage of ownership at 31 December 2015
UTE VERTEDERO GARDELEGUI II	70.00
UTE VERTEDERO GARDELEGUI III	70.00
UTE VERTEDERO TALES Y CORTES	50.00
UTE VERTRESA	10.00
UTE VIDRIO MELILLA	50.00
UTE VIGO RECICLA	70.00
UTE VILOMARA	33.33
UTE VILOMARA II	33.33
UTE VINAROZ	50.00
UTE ZAMORA LIMPIA	30.00
UTE ZARAGOZA DELICIAS	51.00
UTE ZARAUZKO GARBIETA	60.00
UTE ZUMAIA	60.00
UTE ZURITA	50.00
UTE ZURITA II	50.00
AQUALIA	
A.I.E. AQUAGEST-AQUALIA	37.50
A.I.E. COSTA BRAVA ABASTAMENT AQUALIA-SOREA	50.00
A.I.E. ITAM DELTA DE LA TORDERA	50.10
ABASTAMENT EN ALTA COSTA BRAVA EMPRESA MIXTA, S.A.	50.00
AGUAS Y SERVICIOS DE LA COSTA TROPICAL DE GRANADA, A.I.E.	51.00
EDIFICIO ARGANZUELA UTE	99.99
EMPRESA MIXTA D'AIGÜES DE LA COSTA BRAVA, S.A.	25.00
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	41.25
GESTIÓN DE SERVICIOS HIDRÁULICOS DE CIUDAD REAL, A.I.E.	75.00
UTE A GUARDA SANEAMIENTO	50.00
UTE ABASTECIMIENTO ZARAGOZA	70.00
UTE ABU RAWASH CONSTRUCCIÓN	50.00

	Percentage of ownership at 31 December 2015
UTE AGNITA-EPTISA-AISA	50.00
UTE AGUA SANTO DOMINGO	70.00
UTE AGUAS ALCALÁ	50.00
UTE AGUAS DEL DORAMÁS	50.00
UTE AIGÜES ELS POBLETS	95.00
UTE ALKHORAYEF-FCC AQUALIA	51.00
UTE AMPLIACIÓN IDAM DELTA DE LA TORDERA	66.66
UTE C-17 SERVEI	50.00
UTE CAP DJINET	50.00
UTE CC CLOT ARAGÓ	60.00
UTE CONSORCIO LOURO	70.00
UTE COLECTORES A GUARDA 2012	50.00
UTE COSTA TROPICAL	51.00
UTE COSTA TROPICAL II	51.00
UTE COSTA TROPICAL III	51.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE EDAR A GUARDA	50.00
UTE EDAR A GUARDA 2012	50.00
UTE EDAR A GUARDA 2013	50.00
UTE EDAR BAEZA	50.00
UTE EDAR GIJÓN	60.00
UTE EIX LLOBREGAT	50.00
UTE EPTISA-AISA (ZIMNICEA)	50.00
UTE ETAP LAS ERAS	50.00
UTE ETAPS ESTE	65.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE EXPLOTACIÓN PISCINAS VIGO	50.00
UTE EXPLOTACIÓN PRESAS DEL SEGURA	60.00
UTE FCC ACISA AUDING	45.00
UTE GESTIÓN CANGAS	70.00
UTE GESTIÓN PISCINAS VIGO	50.00

	Percentage of ownership at 31 December 2015
UTE GROUPEMENT SOLIDAIRE JERBA	50.00
UTE HIDC - HIDR. - INV DO CENTR. ACE	50.00
UTE IBIZA	50.00
UTE IBIZA-PORTMANY EPC	50.00
UTE IDAM SAN ANTONI	50.00
UTE IDAM SANT ANTONI II	50.00
UTE INFILCO	50.00
UTE LOURO	65.00
UTE MANTENIMIENTO PRESAS DEL SEGURA	80.00
UTE MOSTAGANEM	50.00
UTE OBRAS AGUAS ALCALÁ	55.00
UTE ONDA EXPLOTACIÓN	33.33
UTE OYM CAP DJINET	50.00
UTE OYM MOSTAGANEM	50.00
UTE PISCINA CUBIERTA CENTRO DEPORTIVO ALBORAYA	99.00
UTE POTABILIZADORA ELS POBLETS	70.00
UTE REDES CABB	65.00
UTE SCC SICE	50.00
UTE SEAFSA LANZAROTE	60.00
UTE SENTINAS	50.00
UTE S.G.V.V.	50.00
UTE TOSSA DE MAR	20.00
UTE USSA A	65.00
UTE VIGO PISCINAS	50.00
CONSTRUCTION	
ACE EDIFER CONSTRUÇOES, RAMALHO R.C.E.C.	33.33
ACE INFRAESTRUCTURAS DAS ANTAS - CONSTRUÇAO E OBRAS PÚBLICAS	33.33
ACE CAET XXI CONSTRUÇOES	50.00
ACE RIBEIRADIO-ERMIDA	55.00

	Percentage of ownership at 31 December 2015
ACP DU PORT DE LA CONDAMINE	45.00
ASOC. FCC AZVI STRACO S. ATEL-MICASASA	45.00
ASOCIEREA FCC AZVI S. SIGHISOARA - ATEL	55.00
ASTALDI - FCC J.V.	50.00
CJV-UJV	35.92
CONSORCIO ANTIOQUÍA AL MAR	40.00
CONSORCIO CJV CONSTRUCTOR METRO LIMA	25.50
CONSORCIO EPC METRO LIMA	18.25
CONSORCIO CENTENARIO DE PANAMÁ SOCIEDAD ACCIDENTAL	50.00
CONSORCIO CHICAGO II	60.00
CONSORCIO FCC CONSTRUCCIÓN-FERROVIAL AGROMAN LTD.A.	50.00
CONSORCIO FCC-FI	50.00
CONSORCIO FCC-JJC (PUERTO CALLAO)	50.00
CONSORCIO FCC METRO SANTA FE DE COSTA RICA	50.00
CONSORCIO ICA - FCC - MECO PAC-4	43.00
CONSORCIO M&S SANTA FE MCA	50.00
CONSORCIO METRO ALIANZA	13.33
CONSORCIO NUEVA ESPERANZA	63.00
CONSORCIO LÍNEA 2	40.00
CONSORCIO LÍNEA UNO	45.00
CONSORCIO REMOS FASE I	60.00
FAST 5 - U.J.V.	28.16
FAST CONSTRUCTION LLC	35.92
FCC - YUKSEL - ARCHIDORON - PETROSERV J.V.	50.00
GROUPEMENT FCC - INGENIUM	93.00
J.V. ASOCIEREA ARAD-TIMISOARA FCC-ASTALDI	50.00
J.V. ASTALDI-FCC-UTI-ACTIV MAGISTRALA	37.00
J.V. BYPASS CONSTATA	50.00
J.V. CENTURE OTOPENI OVERPASS	40.00

	Percentage of ownership at 31 December 2015
J.V. ESTENSION OF LINE 2 TO ANTOHOUPOLI	50.01
J.V. FCC CO-MCM	95.00
J.V. FCC, HOCHTIEF UN ACB - AEROPUERTO RIGA	36.00
J.V. SFI LEASING COMPANY	30.00
MERSEYLINK CIVIL CONTRACTORS J.V.	33.33
METRO BUCAREST J.V.	47.50
SHIMMICK CO. INC. FCC CO. IMPREGILO SPA JV	30.00
THV CAFASSO CONSTRUCTION	60.00
TJV-UJV	16.16
UTE 2ª FASE DIQUE DE LA ESFINGE	35.00
UTE 77 VIVIENDAS EN ELCHE	55.00
UTE A-2 FERMS: TRAM SILS-CALDES	50.00
UTE A-66 BENAVENTE - ZAMORA	50.00
UTE ACCESO NORTE A VIGO NUEVA ESTACIÓN	50.00
UTE ACCESO PUERTO SECO MONFORTE	50.00
UTE ACCESO ZAMORA	65.00
UTE ACCESOS A LA ESTACIÓN DE LA SAGRERA	37.50
UTE ACON. Y PEATON. SAN BARTOLOMÉ TIRAJANA	70.00
UTE ADAMUZ	33.33
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE AL - DEL PALENCIA	50.00
UTE AL - DEL OLMEDO	50.00
UTE AL - DEL POLIVALENTES	50.00
UTE ALBUERA	50.00
UTE ALCAR	45.00
UTE ALERTA AVENIDAS SAIH	50.00
UTE ALMENDRALEJO II	50.00
UTE AMOREBIETA	66.66
UTE AMP. PLAT. COSTERA REC. GUINIGUADA	50.00
UTE AMPLIACIÓN SAIH	50.00
UTE AMPLIACIÓN MUELLE SANTA CATALINA	80.00

	Percentage of ownership at 31 December 2015
UTE ANAGA	33.33
UTE ANTEQUERA	60.00
UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C.	70.00
UTE ARMILLA INSTALACIONES	50.00
UTE ARROYO DEL FRESNO	50.00
UTE AUCOSTA CONSERVACIÓN	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LUGO	50.00
UTE AUTOPISTA CARTAGENA - VERA	50.00
UTE AUTOVÍA A-33 JUMILLA	65.00
UTE AUTOVÍA COSTA BRAVA	65.00
UTE AUTOVÍA DE LA SAGRA	50.00
UTE AUTOVÍA EL BATÁN - CORIA	50.00
UTE AVE ALCÁNTARA-GARROVILLAS	85.00
UTE AVE GIRONA	40.00
UTE AVE MASIDE	67.00
UTE AVE TÚNEL DE SERRANO	42.00
UTE ÁVILA 6	35.00
UTE BALLONTI ARDANZA	9.80
UTE BARBADOS	50.00
UTE BELLTALL	40.00
UTE BENTA AUNDI	50.00
UTE BERGARA ANTZUOLA	50.00
UTE BILBAO MANTENDU	24.50
UTE BIMENES III	70.00
UTE BOCANA PUERTO TARRAGONA	70.00
UTE BOETTICHER	50.00
UTE BOETTICHER CLIMA	50.00
UTE BOETTICHER ELECTRICIDAD	50.00
UTE BOQUILLA SUR TÚNEL VIGO - DAS MACEIRA	50.00
UTE BUÑEL - CORTES	80.00

	Percentage of ownership at 31 December 2015
UTE BUSINESS	25.00
UTE BUSINESS ELECTRICIDAD	57.00
UTE BUSINESS MECÁNICAS	40.00
UTE C31-ACCESOS MATARÓ	50.00
UTE C&F JAMAICA	50.00
UTE C.A.R.E. CÓRDOBA	75.00
UTE CÁCERES NORTE	50.00
UTE CAMPO GIBRALTAR	80.00
UTE CAMPUS CLIMA	50.00
UTE CAN TUNIS	70.00
UTE CANAL PRINCIPAL DE ORBIGO	50.00
UTE CANALES DEL JÚCAR	60.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARCHUNA - CASTELL	75.00
UTE CARRETERA IBIZA - SAN ANTONIO	50.00
UTE CARRETERAS ACCESO PUERTO CASTELLÓN	50.00
UTE CASÓN II	50.00
UTE CASTILLO SAN JUAN	85.00
UTE CATENARIA RÍGIDA TERRASSA	50.00
UTE CATLÁNTICO	25.00
UTE CECOEX	20.00
UTE CEIP OROSO	60.00
UTE CENTRO COMERCIAL LA GRELA	50.00
UTE CENTRO COMERCIAL MESOIRO	50.00
UTE CENTRO SALUD TUI	50.00
UTE CERRO GORDO	75.00
UTE CHUAC	50.00
UTE CIBELES	50.00
UTE CIBELES ELECTRICIDAD	50.00
UTE CINE AVENIDA	50.00
UTE CIRCUITO	70.00

	Percentage of ownership at 31 December 2015
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CLUB NÁUTICO CASTELLÓN	50.00
UTE COALVI - CONVENSA	25.00
UTE COIMA, S.A. - T.P. D ARMENGOLS C.P.	29.97
UTE COLADA	69.93
UTE COLECTOR ABOÑO II	80.00
UTE CONEXIÓN CORREDOR MEDITERRÁNEO	40.00
UTE CONEXIÓN MOLINAR	70.00
UTE CONSERVACIÓN ANTEQUERA	50.00
UTE CONSERVACIÓN MALPARTIDA	50.00
UTE CONSERVACIÓN BADAJOZ	50.00
UTE CONSTRUCCIÓN HOSPITAL SURESTE	50.00
UTE CONSTRUCCIÓN HOSPITAL TORREJÓN	66.70
UTE CONSTRUCCIÓN TRANVÍA ZARAGOZA	50.00
UTE CONTROL MOGÁN	33.33
UTE COORDINACIÓN	34.00
UTE COPERO	70.00
UTE COSTA DEL SOL	50.00
UTE CP NORTE I	50.00
UTE CREAA	50.00
UTE CYS - IKUSI - GMV	43.50
UTE DÁRSENA CORUÑA	50.00
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DESALADORA BAJO ALMANZORA	60.00
UTE DESARROLLO PUERTO DE AVILÉS FASE I	80.00
UTE DESDOBLAMIENTO C.V. - 309 EN SAGUNTO	50.00
UTE DESDOBLAMIENTO DE LA AS-17 I	70.00
UTE DIQUE ESTE	35.00
UTE DIQUE TORRES	27.00
UTE DOCENCIA HOSPITAL SON ESPASES	33.00
UTE DONOSTIALDEA 2014	60.00

	Percentage of ownership at 31 December 2015
UTE DOZÓN	29.60
UTE DRAGADO CANAL ENTRADA Y DÁRSENA SUR	50.00
UTE DRAGADO MUELLE COMERCIAL VILAGARCÍA	50.00
UTE DRENAJES ADAMUZ	33.33
UTE EDIFICI SOCIAL	29.00
UTE EDIFICIO C. CULT. POLIV., F. II-V. D'UIXO	60.00
UTE EDIFICIO TERMINAL	40.00
UTE EL CONDADO	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRICIDAD HOSPITAL SON DURETA	50.00
UTE ELECTRIFICACIÓN ARRIONDAS RIBADESELLA	60.00
UTE ELECTRIFICACIÓN BURGOS	33.33
UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE ELECTRIFICACIÓN TRANVÍA DE MURCIA	55.00
UTE ENCAUZAMIENTO BARRANCO DE FRAGA	60.00
UTE EQUIPAMIENTO AUDITORIO BURGOS	65.00
UTE ESCLUSA SEVILLA	70.00
UTE ESPELSA - CYMI INSTALACIONES NORTE	50.00
UTE ESPELSA - OCESA	75.00
UTE ESTACIÓN LUCERO ALICANTE	33.33
UTE ESTACIÓN GIRONA	40.00
UTE ESTACIONS AEROPORT L9	49.00
UTE ESTACIONS LÍNEA 9	33.00
UTE ESTACIONS TERRASSA	36.00
UTE ESTEPONA	25.00
UTE EZKIO ITSASO	40.00
UTE F.I.F. GNL FB 301/2	35.96
UTE FASE II C.I.C.C.M.	60.00
UTE FASE II PABELLÓN REYNO DE NAVARRA	50.00
UTE FCC INDUSTRIAL - ATON	90.00
UTE FCC - SCENIC LIGHT	80.00

	Percentage of ownership at 31 December 2015
UTE FCC - TECYSU	80.00
UTE FGV VARIANTE TRAMO FINCA ADOC	55.00
UTE FIBER	50.00
UTE FUENTE DE CANTOS	50.00
UTE GANGUREN	11.03
UTE GASODUCTOS ENAGAS GD	50.00
UTE GC - 1 PUERTO DE RICO - MOGÁN	40.00
UTE GEDERIAGA	24.50
UTE GIRONA NORTE	70.00
UTE GIRONA NORTE II	70.00
UTE GIRONA NORTE 2014	70.00
UTE GOIÁN	70.00
UTE GOIERRIALDEA 2010	55.00
UTE GRANADA	70.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE HORCHE	65.00
UTE HORKASITAS	24.50
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE MIRANDA	65.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL DEL SUR, SEGUNDA FASE	40.00
UTE HOSPITAL FCC - VVO	80.00
UTE HOSPITAL MARQUÉS VALDECILLA FASE III	33.33
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL SON DURETA	33.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HOTEL VALENCIA PARAISO	50.00
UTE HUELVA NORTE II	55.00

	Percentage of ownership at 31 December 2015
UTE HUELVA SUDESTE	40.00
UTE HUESCA - 2013	70.00
UTE HUESNA CONSTRUCCIÓN	33.33
UTE IBAI EDER	24.50
UTE IBARRETA	24.50
UTE IECISA-FCC/CPD DE CONSELL MALLORCA	50.00
UTE IMPERMEABILIZACIÓN TÚNEL PAJARES NORTE	50.00
UTE INSTALACIONES C - 17 VIC - RIPOLL	33.33
UTE INSTALACIONES EDIFICIO C	25.00
UTE INSTALACIONES ELÉCTRICAS MOGÁN	50.00
UTE INSTALACIONES FONTFREDA	50.00
UTE INSTALACIONES FGC	36.00
UTE INSTALACIONES MADRID ESTE	46.25
UTE INSTALACIONES METRO MÁLAGA	54.00
UTE INSTALACIONES TÚNELES MUROS-DUEÑAS	50.00
UTE INSTITUTO DE SUANCES	70.00
UTE INTERFAZ	50.00
UTE INTERFÍCIES AEROPORT L9	49.00
UTE INTERM. PTO TARRAGONA	75.00
UTE INTERMODAL PRAT	35.00
UTE IRO	80.00
UTE JAÉN - MANCHA REAL	80.00
UTE JEREZ - LA BARCA	80.00
UTE JUAN DE LA COSA	80.00
UTE JUAN GRANDE	50.00
UTE LA ALDEA	35.00
UTE LAKUA 796	24.50
UTE LA ROBLA	30.00
UTE LAS ROSAS I - 7	33.33
UTE LAUDIO	24.50
UTE LÍNEA 1 TRANVÍA DE MURCIA	50.00

	Percentage of ownership at 31 December 2015
UTE LÍNEA 2	50.00
UTE LÍNEA 9	33.00
UTE LLOVIO 2012	70.00
UTE LOGÍSTICA	33.33
UTE LOT 2 PMI BCN	80.00
UTE LOT 3 PMI BCN	80.00
UTE LUKO	45.00
UTE M-407	50.00
UTE M-30 TÚNEL SUR	50.00
UTE MÁLAGA COCHERAS	50.00
UTE MALLABIA	14.70
UTE MAN. AEROPORT L9	49.00
UTE MANTENIMENT RONDES 2012	70.00
UTE MANTENIMIENTO ARANJUEZ II	76.00
UTE MANTENIMIENTO CÓRDOBA	49.00
UTE MANTENIMIENTO HUSE	50.00
UTE MANTENIMIENTO FIGUERAS	50.00
UTE MANTENIMIENTO FIGUERAS II	50.00
UTE MANTENIMIENTO TDM	50.00
UTE MANTENIMIENTO TRANVÍA ZARAGOZA	50.00
UTE MANTENIMIENTO TÚNELES CÁDIZ	40.00
UTE MANTENIMIENTO TÚNELES GUADALHORCE	40.00
UTE MANTENIMIENTO TÚNELES SEVILLA	40.00
UTE MANTENIMIENTO VÍA ARANJUEZ	50.00
UTE MANTENIMIENTO VÍA SEVILLA	50.00
UTE MAQUINARIA PESADA 2015	50.00
UTE MAQUINARIA PESADA INFOMA	50.00
UTE MAQUINARIA VERÍN	50.00
UTE MÁRGENES NORTE	50.00
UTE MATADERO	57.50
UTE MECÁNICA VILLENA	65.00

	Percentage of ownership at 31 December 2015
UTE MEDINACELI	22.40
UTE METRO MÁLAGA	36.00
UTE MONFORTE	24.00
UTE MONTAJE VÍA MOLLET - GIRONA	50.00
UTE MONTAJE VÍA O IRIXO - SANTIAGO	50.00
UTE MONTAJE VÍA SIETE AGUAS - VALENCIA	50.00
UTE MORA - CALATRAVA	39.97
UTE MORALEDA	66.00
UTE MTM. ARQUITECTURA, INFRAESTR. Y VÍA	28.00
UTE MTMTO. ENERGÍA Y ELECTROMEC. METRO MÁLAGA	50.00
UTE MTMTO. REDES Y SISTEMAS METRO MÁLAGA	40.00
UTE MUELLE BOUZAS	70.00
UTE MUELLES COMERCIALES	60.00
UTE MUELLE DE LA QUÍMICA	70.00
UTE MUNGUIA	13.72
UTE MURCIA	40.00
UTE MUSEO NACIONAL DE LA ENERGÍA	50.00
UTE NACIMIENTO	54.00
UTE NANCLARES	95.00
UTE NOU PONT DE FUSTA	50.00
UTE NTC CÁDIZ	50.00
UTE NUDO DE MOLLET	50.00
UTE NUEVO ESTADIO VCF	49.00
UTE NUEVO HOSPITAL DE CÁCERES	33.33
UTE NUEVO PUERTO DE IGOUMENITZA	50.00
UTE OLOT MONTAGUT	45.00
UTE OPERADORA TERMOSOLAR GUZMÁN	67.50
UTE OPERADORA VILLENA	88.00
UTE ORENSE - MELÓN	50.00
UTE PABELLÓN ARENA	50.00

	Percentage of ownership at 31 December 2015
UTE PABELLÓN REYNO DE NAVARRA	50.00
UTE PAGO DE ENMEDIO	75.00
UTE PALACIO DE CONGRESOS DE LEÓN	50.00
UTE PALACIO DE LOS DEPORTES	50.00
UTE PANADELLA	50.00
UTE PARADOR DE EL SALER	75.00
UTE PARQUE MÁLAGA	60.00
UTE PARQUE TECNOLÓGICO	60.00
UTE PASAIA BERRI	50.00
UTE PASAIA BERRI INSTALACIONES	80.00
UTE PASEO PARQUE RIBALTA CASTELLÓN	65.00
UTE PAVONES VIVIENDAS	50.00
UTE PCI METRO DE MÁLAGA	40.00
UTE PLA DE NA TESA	70.00
UTE PLASENCIA	50.00
UTE PLATAFORMA NOROESTE	50.00
UTE PLATAFORMA TPTE PBCO CASTELLÓN	55.00
UTE PLATAFORMA TRANSPORTE UJI DE CASTELLÓN	65.00
UTE PLATAFORMA TTE.PUB. TRAMO I COLUMBRETES	55.00
UTE POBLA TORNESA	50.00
UTE POLA DE LENA	70.00
UTE POLÍGONO BOBES	50.00
UTE POLÍGONO DE TANOS	50.00
UTE POLÍGONO LLOREDA	70.00
UTE POLÍGONO VICÁLVARO	80.00
UTE PONT DE CANDI	75.00
UTE PORT DE LLANÇÀ	60.00
UTE PRESA ENCISO	50.00
UTE PRESAS ITOIZ	33.00
UTE PRESAS EBRO	50.00
UTE PREVENCIÓN DE INCENDIOS NORESTE	50.00

	Percentage of ownership at 31 December 2015
UTE PREVENCIÓN DE INCENDIOS NORTE	50.00
UTE PREVENCIÓN INCENDIOS PATRIMONIO	20.00
UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE PROSER-BATLLE I ROIG	50.00
UTE PROSER - GEOCONTROL	60.00
UTE PROSER - GEOCONTROL II	62.00
UTE PROSER - UG 21	70.00
UTE PROSER - LA ROCHE TF-5 III	50.00
UTE PSIR CASTRO URDIALES	50.00
UTE PUENTE RIO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE DE PONFERRADA	55.00
UTE PUENTE DEL REY	33.33
UTE PUENTE Ma - 1110	33.00
UTE PUENTE PISUERGA	50.00
UTE PUERTO DE GRANADILLA	40.00
UTE PUERTO DE LAREDO	50.00
UTE PUERTO DEL ROSARIO	90.00
UTE R. ARCADIA	97.00
UTE RADIALES	35.00
UTE RANILLA CONSTRUCCIÓN	85.00
UTE RED ARTERIAL PALENCIA FASE I	80.00
UTE REFORMA HOSPITAL V SALUD (TOLEDO)	60.00
UTE RELLENO EXPLANADA MUELLE QUÍMICA	70.00
UTE REMODELACIÓN CTRA. RIBES (BCN)	80.00
UTE RESIDENCIAS REAL MADRID	50.00
UTE RÍO CABE	50.00
UTE RONDA HISPANIDAD	45.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE S.A.I.H. CHJ	50.00
UTE S.A.I.H. SUR	40.00
UTE SAGUNTO	60.00

	Percentage of ownership at 31 December 2015
UTE SAN PEDRO	24.50
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANEAMIENTO DE VILLAVICIOSA	80.00
UTE SANTA MARIA D'OLÓ-GURB	60.00
UTE SANTO DOMINGO	70.00
UTE SECTOR M-5 2012	70.00
UTE SERV. ENERG. PISCINA CUB. S. CABALLO	50.00
UTE SIETE AGUAS - BUÑOL	66.66
UTE SIMULADOR APBA	50.00
UTE SISTEMA INTEGRAL ALACANTI SUR	66.67
UTE SISTEMAS METRO MÁLAGA	25.00
UTE SISTEMAS TRANVÍA DE MURCIA	32.00
UTE SOMOSAGUAS	50.00
UTE SOTIELLO	50.00
UTE SSAA AP - 7	50.00
UTE STADIUM	70.00
UTE SUBESTACIÓN SERANTES	50.00
UTE SUD SAMART VILAFANT	45.00
UTE TARRAGONA LITORAL	70.00
UTE TECSACON	20.00
UTE TERMOSOLAR GUZMÁN	67.50
UTE TF-5 2ª FASE	70.00
UTE TINDAYA	50.00
UTE TORQUEMADA	50.00
UTE TORRE DON JIMENO	50.00
UTE TORREBLANCA	50.00
UTE TORRE ISLA CARTUJA	80.00
UTE TRAMBESÒS	50.00
UTE TRAMMET	50.00
UTE TRANVÍA LUCEROS-MERCADO ALICANTE	60.00
UTE TRASVASE JÚCAR VINALOPÓ	50.00

	Percentage of ownership at 31 December 2015
UTE TRIANGLE LÍNEA 9	33.00
UTE TS VILLENA	88.00
UTE TÚNEL AEROPORT	33.00
UTE TÚNEL AEROPORT II	33.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL AVE CHAMARTÍN - ATOCHA	42.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	33.00
UTE TÚNEL LOS ROJALES	95.00
UTE TÚNEL PASANTE ESTACIÓN DE ATOCHA	42.00
UTE TÚNEL PROVISIONAL ESTACIÓN ATOCHA	42.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	33.00
UTE TÚNELES BOLAÑOS	47.50
UTE TÚNELES DE BARAJAS	50.00
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DE SORBES	67.00
UTE TÚNELES DELICIAS	65.00
UTE TÚNELES FIGUERES	95.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UNIVERSIDAD DE MÁLAGA	65.00
UTE UNQUERA - PENDUELES	80.00
UTE URBANITZACIÓ GIRONA	40.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACIÓN VIA PARQUE TRAMO AV. CARB.-P	60.00
UTE URBISERVEIS	29.00
UTE VALDEVIVIENDAS II	33.33
UTE VALLE INFERIOR	80.00
UTE VANDELLÓS	24.00
UTE VARIANTE DE MONZÓN	70.00

	Percentage of ownership at 31 December 2015
UTE VARIANTE MANCHA REAL	67.00
UTE VELA BCN	33.33
UTE VELÓDROMO	60.00
UTE VERTEDERO CASTAÑEDA	62.50
UTE VÍA ACCESOS SANTIAGO	50.00
UTE VÍA PAJARES	50.00
UTE VIADUCTOS PREFABRICADOS METRO RIYAD	50.00
UTE VIC - RIPOLL	34.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILARIÑO (VÍA IZQUIERDA)	90.00
UTE VILLAR - PLASENCIA	70.00
UTE VULLPALLERES	65.00
UTE YELTES	75.00
UTE YESA	33.33
UTE ZONA MANIOBRA	50.00
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33
OTHER ACTIVITIES	
C.G.T. - UTE JEREZ CB	50.00
TRAMBESÓS UTE	33.00
UTE LASGARRE	50.00
UTE MEL 9	49.00
UTE OPERACIÓN TRANVÍA DE MURCIA	50.00
UTE PERI AR.8 LA MADRAZA	99.00
UTE PINO MONTANO P5	50.00
UTE SAGUNTO PARCELA M17-3	50.00
UTE SEMINARIO P3-2	99.00
UTE TRAMBAIX	33.00

Directors' Report

Fomento de construcciones y Contratas, S.A. and Subsidiaries (Consolidated Group)

This report was prepared in accordance with the guidelines established in the "Guide for the preparation of directors' reports of listed companies" published by the Spanish National Securities Market Commission (CNMV).

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01. Company Situation

1.1. Company situation: Organisational structure and management decision-making process

On a primary level, the organisational structure of the FCC Group is composed of Areas, which are divided into two large groups: operating and functional.

The operating Areas encompass all the activities relating to the production line. As described in greater detail in Note 1 to the consolidated financial statements, the FCC Group is composed of the following operating Areas:

- **Environmental Services.**
- **End-to-End Water Management.**
- **Construction.**
- **Cement.**

Each of these operating Areas is presided over by one or various Specialised Companies, which report to FCC and encompass the activities inherent to the Group.

The functional Areas that provide support to the operating Areas are as follows:

- **General Secretariat:** legal affairs of the FCC Group and coordination of the functioning of the various managing bodies.
- **Organisation:** includes the Human Resources, Information Technologies and Systems and Aggregate Purchasing departments.
- **Administration:** administrative management, general accounting, tax management and administrative procedures.
- **Finance:** financial management of the FCC Group, relations with financial institutions, capital markets, shareholders, stock markets and the CNMV, financial analysis of investments, integrated Group financial management and control, management, budgetary and planning control.
- **Internal Audit:** effective oversight of the Internal Control System, which contributes to Good Corporate Governance, verifies correct compliance with applicable legislation and reduces the potential impact of risks in the attainment of the FCC Group's objectives.
- **Communication and Corporate Responsibility:** management of Communication Services, Corporate Image and Corporate Responsibility.

On a secondary level, the Areas may be divided into Sectors –operating Sectors– and Divisions –functional Divisions– creating spheres permitting greater specialisation when required.

The structure of the decision-making bodies is as follows:

- **Board of Directors:** this is the body with the widest-reaching, unrestricted powers, except for those expressly reserved by the Spanish Limited Liability Companies Law or the Bylaws, to the powers of the shareholders at the General Meeting.
- **Strategy Committee:** this supports the Board of Directors in determining the Group's strategy, in accordance with the guidelines agreed on by the latter, by preparing the corresponding reports and proposals, reporting on the investment and divestment proposals, association agreements, third-party agreements, development of new lines of business and financial transactions that might affect the Group's strategy.
- **Executive Committee:** the Board of Directors delegates the widest-reaching powers to the Executive Committee, which may exercise all the functions and powers conferred by the Bylaws and the Spanish Limited Liability Companies Law to the Board of Directors, with the sole exception of those that cannot be delegated.
- **Audit and Control Committee:** its main function is to support the Board of Directors in its supervisory tasks, through the periodic review of the process for preparing economic and financial information, its internal controls and independence of the external auditor.
- **Nomination and Remuneration Committee:** this supports the Board of Directors in relation to the proposals for the nomination, re-election, ratification and termination of Directors, establishes and controls the remuneration policy of the Company's Directors and Senior Executives and the fulfilment by the Directors of their duties, particularly in relation to situations of conflicts of interest and related party transactions.

– **Management Committee:** each of the Group's business units has a Management Committee.

More detailed information on the functions of the FCC Group's decision-making bodies is provided in section 1 of the Internal Control over Financial Reporting system (ICFR) report.

1.2 Company situation: Company business model and strategy

1.2.1. Business model

FCC is one of the main European groups specialised in environmental services and infrastructure development, with a presence in over 34 countries worldwide. Over 47% of its billings arise from international markets, mainly Europe, Latin America and the US.

Environmental Services

The Environmental Services Area has a solid presence in Spain and has been leader in the provision of environmental urban services for over 100 years, with a solid presence in the international sphere.

In Spain, environmental services activity is stabilising, with volumes and levels of profitability that are even above those witnessed in the period prior to the crisis. FCC has retained its position of leadership in these activities as a result of contract renewals and new contract awards. Although 2015 was a year of elections, public-sector tendering also stabilised, putting an end to the period of budget cutbacks in waste collection, street cleaning and green area upkeep activities. Contracts have been re-sized, with the adaptation of human and material resource levels. Tendering increased in the Energy Efficiency Area, which has expanded as a result.

Activity in the Waste Treatment Area continues to slow as a result of the significant volume of investment required and of the delay in the implementation of the Spanish National Waste Plan. It should also be noted that although the special supplier payment plans promoted by the Government have come to an end the average collection periods have generally been maintained.

The Environmental Services Area also includes the Industrial Waste sector, in which FCC operates mainly in Spain, Portugal and the US. In Spain, it manages hazardous waste (with a market share of approximately 25%, making it market leader) and non-hazardous waste. In relation to recoverable non-hazardous industrial waste, FCC focuses mainly on the recovery of paper, cardboard, plastic and glass. It also engages in soil decontamination. In Portugal, FCC focuses on the management and treatment of hazardous industrial waste. The Company is the market leader with a market share of approximately 50%. In the US the Company engages mainly in the management of waste from oil field drilling activities.

The international business is carried on chiefly in the UK and Central and Eastern Europe through the subsidiaries FCC Environment (UK) Limited and .A.S.A. Abfall Service AG (headquartered in Austria), respectively. For a good number of years now FCC has led markets both in integral urban solid waste management and in other environmental services. 2015 saw a slight increase in the volume of business due to the economic recovery. Work continued on the industry transformation process, with a reduction of the share of the landfill waste disposal market and an increase in the share of the recycling, treatment and incineration market. This transformation process is driven by measures such as the increase in the landfill tax (particularly significant in the UK in recent years) contained in European Directives.

End-to-End Water Management

FCC serves more than 13 million people in over 850 municipalities in Spain. In Central and Eastern Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. FCC engages in water treatment plant construction and operation in Latin America, the Middle East and North Africa. Globally, FCC Aqualia provides water supply and/or sewage treatment services to over 23 million people.

In 2015 the volume of water sales in Spain increased slightly for the first time since the economic crisis began, particularly in coastal areas. Since Spanish municipal elections were held in 2015, local government tendering for new contracts was very limited.

In 2015 FCC Aqualia restructured its organisation in Spain, setting up a new National Division and three regional Areas or structures, grouping together on the basis of geographical considerations all the end-to-end water cycle activities (concessions, urban and industrial operating and maintenance activities and networks and technology). This will concentrate efforts and improve the Group's commercial position.

On the international stage, FCC Aqualia's commercial activities focus on Europe, North Africa, the Middle East, India, North America and Latin America, where it currently has contracts underway in Portugal, Italy, the Czech Republic, Serbia, Bosnia, Montenegro, Kosovo, Poland, Algeria, Tunisia, Egypt, Saudi Arabia, Abu Dhabi, Qatar, India, Mexico, Uruguay and Chile.



Construction

This Area is mainly involved in the design and construction of large civil engineering and industrial works and building construction projects. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

Revenue from international markets represents approximately 55% of the total.

Noteworthy in the European market is the contract for supplementary construction work for the extension of Line 5 of the Bucharest (Romania) metro amounting to EUR 66.6 million.

In the Central and South American market, in 2015 the Group, through a consortium, was awarded the contract for the construction of Line 2 of the Panama City (Panama) metro for EUR 739.5 million. Also noteworthy are the contracts awarded for the construction of a highway in the municipality of Cañas Gordas (Colombia), including the Toyo Tunnel, for EUR 141.3 million, for the construction of stretch 5 of the Ruta Norte peaje Lampa (Chile) toll road for EUR 77.2 million and for the improvement of access routes to Iquique (Chile) for EUR 20.7 million.

Cement

The FCC Group carries on its cement activity through Cementos Portland Valderrivas, S.A. (CPV), a company traded on the Spanish Stock Market Interconnection System, in which it holds a 78% ownership interest. FCC's ownership interest in Cementos Portland Valderrivas was strengthened through the capital increase carried out in 2014. Its activity is geared towards the operation of quarries and mineral deposits for the manufacture of cement, which accounts for approximately 88% of the Area's total revenue. The remaining 12% is achieved through waste management and the concrete, mortar and aggregates businesses.

With regard to its geographical diversification, 66% of revenue is obtained in international markets. CPV has a presence in Spain, Tunisia and the US, although the company also exports mainly to the UK, North Africa and Canada.

CPV has an estimated penetration of 23% in Spain and 21% in Tunisia. Following seven consecutive years of falling activity in the Spanish market, 2015 saw slight growth in the volume of business. CPV's main objective continues to be to remain competitive in terms of both costs and market share in the markets in which it operates, attempting to retain its status as an industry benchmark in all the countries in which it has a presence.

1.2.2. Group strategy

The Group's strategic objectives are based on strengthening its position as world leader in Environmental Services and End-to-End Water Management businesses, while maintaining its presence in the cement industry and in highly profitable construction projects. The Group's strategy is based on the following main pillars:

1. Strengthening the Environmental Services and End-to-End Water Management businesses

The End-to-End Water Management and Environmental Services Areas have a profitable business model and are low risk. Consequently, the Group's strategy focuses on strengthening its position as world leader in both Environmental Services and the water industry, as well as in the cement market, with a presence in profitable construction projects. Furthermore, the Group plans to create new lines of business to support its international growth and enable it to expand throughout Latin America, Central Europe, the Middle East, North Africa and the US.

2. Leveraging the Environmental Services and End-to-End Water Management businesses with a view to international expansion

The expansion of Environmental Services and End-to-End Water Management is key to the Group's strategy. It considers that the growth of these areas reduces its risk as a business and boosts the Group's geographical diversification. In Environmental Services, Latin America is a noteworthy target for new opportunities whilst the businesses in Central Europe are being leveraged. For the End-to-End Water Management business, the goal is to expand in Latin America, the Middle East, North Africa and the US, while taking advantage of the Group's presence in Spain. In order to achieve these objectives, the Group has specialised teams that have extensive experience in international expansion, including the penetration of new markets such as Chile, Tunisia and Saudi Arabia.

3. Strengthening flexibility and profitability in construction-related activities

The Group does not wish to have a capital-intensive business model for construction projects and it is enhancing the flexibility of its operations, maximising revenue and optimising costs.

4. Optimising the capital structure

The Group's objective is to achieve a viable capital structure with reasonable liquidity indicators. To achieve this, it has put in place a number of measures, including a refinancing drive. The Group also aims to maintain the flexibility required to make the most of the growth opportunities that arise.

02. Business Performance and Results

2.1. Business performance

2.1.1. Highlights

Resolution to increase capital by EUR 709.5 million

On 17 December 2015, the Board of Directors resolved to take the necessary steps to increase capital by EUR 709.5 million at an issue price of EUR 6 per share. The transaction is intended to strengthen the Group's capital structure and reduce interest-bearing debt. The Group's two main shareholders, who have representatives on the Board, undertook to subscribe for their proportion of the issue. Additionally, the Slim Group undertook to subscribe for any amount not taken up by the other shareholders during the ordinary subscription process. At the date of publication of this document, the capital increase is at the final phase and will conclude early in March.

FCC Aqualia lands largest-ever contract, worth EUR 2.4 billion, in Egypt

In August 2015, a consortium headed by FCC Aqualia was awarded the contract for the Abu Rawash wastewater treatment plant in Cairo (Egypt). Once completed, the plant will process 1.6 million m^3 of water per day and serves 5.5 million people, making it one of the largest of its kind in the world. This is a BOT type contract, requiring EUR 500 million in investment, and total revenues over the concession term are estimated at EUR 2.4 billion.

The project, which will be included in the backlog once it achieves financial closure, is strongly supported by the EBRD, the World Bank and Egyptian banks. This contract is part of an ambitious programme of water and sanitation works implemented by the Egyptian government and is FCC Aqualia's second big contract in that country; in 2010, it was awarded the contract to design, build and operate, for 20 years, the New Cairo wastewater treatment plant.

In 2015, FCC Aqualia landed major international contracts (which was one of its strategic objectives), notably for network construction and water treatment plant maintenance in Latin America (Mexico and Chile) and Saudi Arabia.

FCC Environment obtains 15-year recycling contract in Dallas, Texas (US)

In November, FCC's environmental services area was awarded a contract to build and operate a waste recycling plant in Dallas, initially for 15 years, with the possibility of a 10-year extension; revenues are estimated at approximately EUR 270 million. This contract is in addition to the one obtained in the US in September, for municipal solid waste collection in two areas of Orange county (Florida) with a total population of 400,000; this 10-year contract is worth EUR 85 million.

In Spain, the environmental services area obtained new contracts worth EUR 1.4 billion in 2015. This amount was achieved in a context of municipal government elections and is a testimony to the experience, soundness and service quality of the Group's core business. The main contracts include waste processing in Granada, and waste collection and sewer maintenance in other cities such as Vitoria, San Sebastián and Barcelona.

FCC Construction heads consortium for Toyo tunnel (Colombia), worth EUR 392 million

In October, a consortium headed by FCC, which holds a 40% stake, was awarded the contract to build the Toyo tunnel and an adjacent section of toll road, in Colombia, for a total of EUR 392 million. The contract covers design and construction of the tunnel, followed by operation and maintenance for a period of 10 years.

Additionally, in May, a consortium involving FCC was awarded the contract to design and build Panama City Metro line 2; FCC's share will amount to EUR 663 million. The line will include 16 stations and 21 km. of overhead line to the east of the city. Overall, the backlog stood at EUR 6,230 million at 2015 year-end, a slight (0.3%) increase with respect to the previous year, and strengthened the Group's presence in certain growth markets, such as Chile and Colombia.

FCC agrees to sell Globalvia for up to EUR 220 million

In June, FCC, which owns 50% of Globalvia, and the owner of the other 50% agreed to sell 100% of the company for an amount attributable to FCC of up to EUR 220 million. The deal is structured in a payment of EUR 83 million, scheduled for the first half of 2016, and a deferred payment of up to EUR 137 million, scheduled for February 2017.

2.1.2. Executive summary

- FCC Group revenues increased by 2.2%. In particular, international revenues increased by 9.8%, with growth in all business areas, particularly Water (39.5%).
- EBITDA increased by 1.3% to EUR 814.6 million despite the adverse baseline effect caused by the lower sales of CO_2 emission rights by the Cement division. Adjusting for that effect, EBITDA would have increased by 3.5%.
- Environmental utilities (services and water) gained in importance to account for 79.3% of EBITDA, which lends greater stability and visibility to the income statement and cash flow.
- Profit from continuing operations amounted to EUR 35.1 million, while the Group booked an attributable net loss of EUR 46.3 million due to the impact of discontinued operations, impairments and the capacity adjustment in the Construction area.
- Net interest-bearing debt was reduced by EUR 243.9 million with respect to the preceding quarter due to the increase in ordinary operating cash flow and rise by 9.1% y/y, which is attributable to the reclassification of current financial assets as long term, lower divestments in 2015, and the exchange rate effect on the debt.

Note: Assets Held for Sale

Assets corresponding to the holding in Globalvia (GVI) have been classified as "held for sale" since 31 December 2013, pending completion of the sale in the coming quarters. The residual assets and liabilities of Cemusa (Portugal) following the sale of the bulk of its business in November 2015, are also so classified (see Note 2.1.5.2). Accordingly, their earnings are recognised under "income from discontinued operations" (see Note 2.1.4.5.2).

Key figures

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Net sales	6,476.0	6,334.1	2.2%
EBITDA	814.6	804.0	1.3%
EBITDA margin	12.6%	12.7%	-0.1 p.p.
EBIT	323.8	(345.6)	-193.7%
EBIT margin	5.0%	-5.5%	10.5 p.p.
Income attributable to equity holders of the parent company	(46.3)	(724,3)	-93.6%
Operating cash flow	600.3	608.9	-1.4%
Investing cash flow	(412.6)	(167.2)	146.8%
Equity	487.2	495.4	-1.7%
Net interest-bearing debt	5,473.6	5,016.0	9.1%
Backlog	32,499.7	32,996.5	-1.5%

2.1.3. Summary by business area

(Millions of Euros)

Area	Dec. 15	Dec. 14	Chg. (%)	% s/ 15	% of 2014 total
BUSINESS PERFORMANCE					
Environmental Services	2,855.6	2,805.0	1.8%	44.1%	44.3%
Water	1,033.5	954.0	8.3%	16.0%	15.1%
Construction	1,992.9	2,076.1	-4.0%	30.8%	32.8%
Cement	580.4	542.9	6.9%	9.0%	8.6%
Corp. services and adjust.	13.6	(43.9)	-131.0%	0.2%	-0.7%
Total	**6,476.0**	**6,334.1**	**2.2%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	3,407.8	3,540.5	-3.7%	52.6%	55.9%
United Kingdom	1,029.1	931.8	10.4%	15.9%	14.7%
MENA	610.8	338.9	80.2%	9.4%	5.4%
East and Central Europe	520.2	520.0	0.0%	8.0%	8.2%
Latin America	491.5	672.7	-26.9%	7.6%	10.6%
US and Canada	256.5	203.5	26.0%	4.0%	3.2%
Other	160.1	126.7	26.4%	2.5%	2.0%
Total	**6,476.0**	**6,334.1**	**2.2%**	**100.0%**	**100.0%**
EBITDA					
Environmental Services	425.3	418.3	1.7%	52.2%	52.0%
Water	227.5	208.4	9.2%	27.9%	25.9%
Construction	75.8	98.2	-22.8%	9.3%	12.2%
Cement	94.3	104.8	-10.0%	11.6%	13.0%
Corp. services and adjust.	(8.3)	(25.7)	-67.7%	-1.0%	-3.2%
Total	**814.6**	**804.0**	**1.3%**	**100.0%**	**100.0%**

(Millions of Euros)

Area	Dec. 15	Dec. 14	Chg. (%)	% s/ 15	% of 2014 total
EBIT					
Environmental Services	191.5	(437.8)	-143.7%	59.1%	126.7%
Water	145.3	123.9	17.3%	44.9%	-35.9%
Construction	(19.2)	27.8	-169.1%	-5.9%	-8.0%
Cement	28.6	35.9	-20.3%	8.8%	-10.4%
Corp. services and adjust.	(22.4)	(95.4)	-76.5%	-6.9%	27.6%
Total	**323.8**	**(345.6)**	**-193.7%**	**100.0%**	**100.0%**
NET DEBT					
With recourse	3,254.3	2,798.3	16.3%	59.5%	55.8%
Without recourse					
Environmental Services	659.6	625.5	5.5%	12.1%	12.5%
Water	249.8	240.2	4.0%	4.6%	4.8%
Construction	0.0	68.0	-100.0%	0.0%	1.4%
Cement	1,248.9	1,283.9	-2.7%	22.8%	25.6%
Corporate	61.0	0.1	n/a	1.1%	0.0%
Total	**5,473.6**	**5,016.0**	**9.1%**	**100.0%**	**100.0%**
BACKLOG					
Environmental Services	11,825.7	11,669.7	1.3%	36.4%	35.4%
Water	14,443.7	15,113.8	-4.4%	44.4%	45.8%
Construction	6,230.3	6,213.0	0.3%	19.2%	18.8%
Total	**32,499.7**	**32,996.5**	**-1.5%**	**100.0%**	**100.0%**

2.1.4. Income Statement

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Net sales	**6,476.0**	**6,334.1**	**2.2%**
EBITDA	**814.6**	**804.0**	**1.3%**
EBITDA margin	12.6%	12.7%	-0.1 p.p.
Depreciation and amortisation	(433.2)	(404.3)	7.1%
Other operating income	(57.6)	(745.3)	-92.3%
EBIT	**323.8**	**(345.6)**	**-193.7%**
EBIT margin	5.0%	-5.5%	10.5 p.p.
Financial income	(354.3)	(375.8)	-5.7%
Other financial results	(10.6)	(12.7)	-16.5%
Equity-accounted affiliates	35.4	(84.8)	-141.7%
Earnings before taxes (EBT) from continuing operations	**(5.7)**	**(818,8)**	**-99.3%**
Corporate income tax expense	40.8	64.2	-36.4%
Income from continuing operations	**35.1**	**(754.6)**	**-104.7%**
Income from discontinued operations	(89.3)	21.2	N/A
Net profit	**(54.2)**	**(733.4)**	**-92.6%**
Non-controlling interests	7.9	9.1	-13.2%
Income attributable to equity holders of the parent company	**(46.3)**	**(724.3)**	**-93.6%**

2.1.4.1. Revenues

The Group's consolidated revenues increased by 2.2% in 2015 to EUR 6,476 million, driven by a notable 9.8% increase in international revenues, with growth in all areas, particularly Water, Cement and Environmental Services.

In Spain, revenues declined by 3.7% to EUR 3,407.8 million due mainly to the 13.4% decline in the Construction area's domestic revenues as a result of the steady decline in public investment in infrastructure in recent years.

Revenue Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	3,407.8	3,540.5	-3.7%
United Kingdom	1,029.1	931.8	10.4%
Middle East & North Africa	610.8	338.9	80.2%
Central Europe	520.2	520.0	0.0%
Latin America	491.5	672.7	-26.9%
US and Canada	256.5	203.5	26.0%
Other	160.1	126.7	26.4%
Total	6,476.0	6,334.1	2.2%

Construction revenues expanded by a sizeable 80.2% in the Middle East and North Africa due to progress with major projects such as the Doha metro and, very particularly, the Riyadh metro. Water network contracts in Saudi Arabia in the Water division also made a larger contribution.

Revenues increased by 10.4% in the UK as the positive exchange rate effect (11%) fully offset the progressive closure of the landfill business in the Environmental Services area, which resulted in lower revenues for landfill taxes collected on behalf of the government.

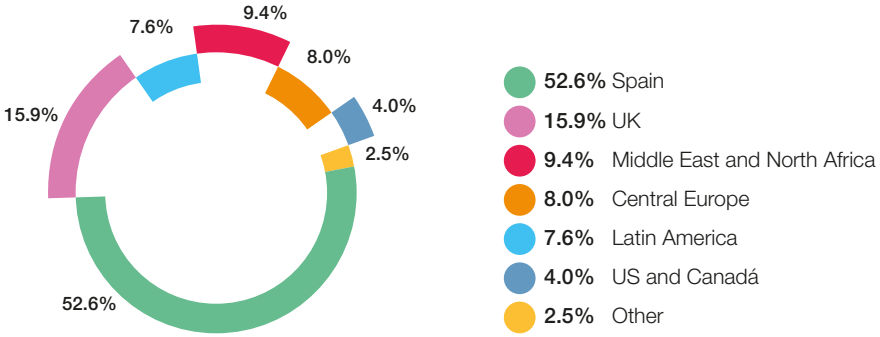
Revenues in Central Europe were stable following the completion of several projects in the Construction area, such as Riga airport in Latvia and other smaller projects in Poland, which temporarily offset the strong growth in the Environmental Services and Water businesses in the region.

Revenues in Latin America fell by 26.9% due to the time lag between the completion of major Construction works, such as Metro Line 1 and the road realignment in Panama City, and the start of other projects such as Lima Metro, the recently awarded Panama City Metro line 2 and the Toyo tunnel in Colombia. This situation was partially mitigated by the increase in revenues from designing and building water treatment systems in the region, such as construction of a water supply system and water mains in Mexico.

Revenues in the United States and Canada rose by 26% due to the effect of the dollar exchange rate (19.6%) in the Cement area and to the Gerald Desmond Bridge project, in the Construction area.

Other markets registered 26.4% growth, broadly due to the tariff update on the end-to-end water cycle management contracts in Italy, and a number of Construction contracts in Portugal.

% Revenues by Region



2.1.4.2. EBITDA

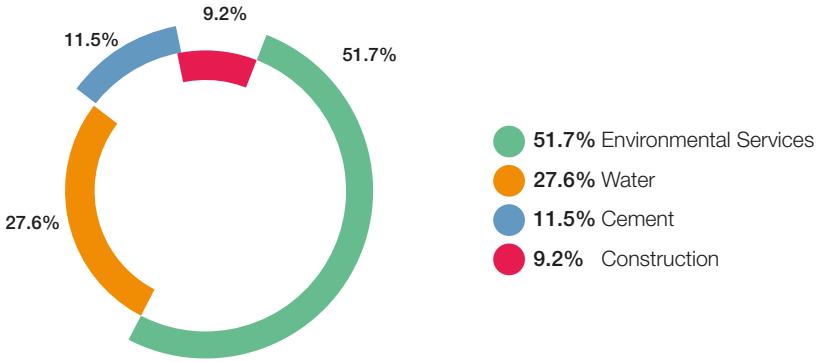
EBITDA amounted to EUR 814.6 million in 2015, a 1.3% increase year-on-year, driven by the End-to-End Water Management area (9.2%) and, to a lesser extent, the Environmental Services area (1.7%).

EBITDA growth in the Water and Environmental Services areas plus savings by Corporate Services offset a contraction of 22.8% in Construction and 10.8% in Cement.

The reduction in EBITDA in the Cement area was due to the lower sale of CO_2 emission rights (EUR 3.9 million in 2015, compared with EUR 20.8 million in 2014). The decline in EBITDA in the Construction area was attributable to the lower volume of business in Spain, a temporary consequence of a more selective bidding policy and the deterioration of margins in the domestic market.

Adjusting for the lower sale of emission rights, EBITDA would have increased by 3.5% in 2015.

% EBITDA by Business Area*



* Adjusted for corporate services

At year-end, the Environmental Services and End-to-End Water Management areas represented 79.3% of Group EBITDA, whereas cyclical businesses, related to infrastructure construction and building, accounted for 20.7%.

2.1.4.3. EBIT

EBIT amounted to EUR 323.8 million in 2015, compared with a loss of EUR 345.6 million in 2014.

Depreciation and amortisation amounted to EUR 433.2 million, a 7.1% increase with respect to 2014, mainly as a result of the entry into operation of the waste recycling and treatment plants in the Environmental Services area and the larger impairment charge for landfill assets in the UK following the review of the ongoing closure of the bulk of the landfills. Period depreciation in 2015 included EUR 45 million for assets that were written up on acquisition (EUR 44.8 million in 2014).

Other operating income was negative in the amount of EUR 57.6 million in 2015, concentrated almost entirely in the Construction area. This item included EUR 22.3 million for the workforce restructuring during the year together with a one-time charge for the closure of certain international projects.

The loss of EUR 745.3 million in 2014 included EUR 649.7 million in impairment of non-current assets in the FCC Environment subgroup (environmental services in the UK), a EUR 64 million charge for the challenge to the sale of Alpine Energie, and EUR 34 million for sundry risks in the Construction area's real estate business.

2.1.4.4. Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations were negative in the amount of EUR 5.7 million in 2015 due to the aforementioned impacts on EBIT and the following items:

2.1.4.4.1. Financial result

Net financial expenses fell by 5.7% year-on-year to EUR 354.3 million due to the reduction in average indebtedness and in the average cost of debt in 2015. The amount in 2015 included EUR 25.1 million of capitalisable interest accrued on Tranche B of the corporate syndicated loan, with no effect on cash flow. In 2014, this item included the EUR 135 million haircut agreed on Tranche B.

2.1.4.4.2. Equity-accounted affiliates

Companies accounted for using the equity method contributed EUR 35.4 million in income, mainly from the release of a EUR 25.7 million provision for the holding in Realia following the decision to reclassify it to continuing operations as of 31 December 2014, together with EUR 16.4 million in income from holdings in transport infrastructure concession companies.

The loss of EUR 84.8 million booked in 2014 included mainly impairments and losses in a number of infrastructure concession companies and the EUR 35.8 loss on the Realia stake.

2.1.4.5. Income attributable to the parent company

Net attributable income was negative in the amount of EUR 46.3 million (compared with a loss of EUR 724.3 million in 2014), after including the following items in EBT:

2.1.4.5.1. Income tax

The corporate income tax expense includes a reversal of deferred taxes in the amount of EUR 40.8 million (EUR 64.2 million in 2014).

2.1.4.5.2. Income from discontinued operations

Discontinued operations contributed a loss of EUR 89.3 million in 2015, due entirely to Cemusa, reflecting impairment of its value in 2015 until its sale in November.

The figure of EUR 21.2 million reported in 2014 included mainly the effect of divestments (Logistics and 51% of FCC Energy).

2.1.4.5.3. Non-controlling interests

Non-controlling interests, concentrated mainly in the Cement business, were attributed a loss of EUR 7.9 million, compared with a loss of EUR 9.1 million in 2014.

2.1.5. Balance sheet

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Intangible assets	3,026.4	2,967.5	58.9
Property, plant and equipment	3,146.4	3,175.6	(29.2)
Equity-accounted affiliates	587.0	239.8	347.2
Non-current financial assets	392.8	426.7	(33.9)
Deferred tax assets and other non-current assets	1,031.8	1,044.2	(12.4)
Non-current assets	**8,184.3**	**7,853.8**	**330.5**
Non-current assets available for sale	235.9	1,002.5	(766.6)
Inventories	648.6	760.6	(112.0)
Trade and other accounts receivable	2,217.1	2,488.4	(271.3)
Other current financial assets	230.7	380.4	(149.7)
Cash and cash equivalents	1,345.5	1,537.1	(191.6)
Current assets	**4,677.8**	**6,169.1**	**(1,491.3)**
TOTAL ASSETS	**12,862.1**	**14,022.9**	**(1,160.8)**
Equity attributable to equity holders of parent company	280.7	271.7	9.0
Non-controlling interests	206.5	223.7	(17.2)
Net equity	**487.2**	**495.4**	**(8.2)**
Grants	248.3	239.3	9.0
Non-current provisions	1,254.1	1,157.9	96.2
Long-term interest-bearing debt	5,612.2	5,615.7	(3.5)
Other non-current financial liabilities	66.6	66.5	0.1
Deferred tax liabilities and other non-current liabilities	536.7	754.6	(217.9)
Non-current liabilities	**7,717.8**	**7,834.0**	**(116.2)**
Liabilities linked to non-current assets available for sale	15.9	776.9	(761.0)
Current provisions	194.7	288.5	(93.8)
Short-term interest-bearing debt	1,437.6	1,317.9	119.7
Other current financial liabilities	91.8	63.2	28.6
Trade and other accounts payable	2,917.0	3,247.0	(330.0)
Current liabilities	**4,657.0**	**5,693.5**	**(1,036.5)**
TOTAL LIABILITIES	**12,862.1**	**14,022.9**	**(1,160.8)**

2.1.5.1. Equity-accounted affiliates

The investment in equity-accounted companies (EUR 587 million) comprised the following at 31 December 2015:

1) EUR 120.2 million for the 36.9% stake in Realia.
2) EUR 81.6 million for investments in companies in the Water area, mainly concession companies in other countries (Algeria, Mexico and Egypt).
3) EUR 80.8 million for holdings in companies in the Environmental Services area (recycling and municipal services).
4) EUR 304.3 million for the other holdings (infrastructure concessions, cement and renewable energy companies) and loans to affiliated companies.

The increase with respect to the balance at 31 December 2014 is due mainly to the transfer to this item, in 1Q15, of EUR 193.9 million in loans granted to joint ventures and affiliates in the Construction area which had been classified as current financial assets. Also, the value of the stake in Realia includes the amount of the December capital increase that FCC subscribed for.

2.1.5.2. Non-current assets and liabilities available for sale

Of the EUR 235.9 million in non-current assets available for sale at year-end, EUR 220 million correspond to the 50% stake in Globalvía Infraestructuras and the remainder to the residual business of Cemusa in Portugal.

The Cemusa assets have associated liabilities amounting to EUR 15.9 million, including payment obligations tied to long-term rights to exploit advertising urban fixture.

The sharp decline in the balance of this item with respect to 2014 is due to the sale in November of the Cemusa subgroup (apart from the aforementioned business in Portugal).

2.1.5.3. Net equity

Net equity at year-end amounted to EUR 487.2 million, a slight EUR 8.2 million reduction with respect to 2014 year-end. This decline is due to the loss for the year and other positive adjustments, mainly translation differences.

In this respect, the Board of Directors resolved in December to increase capital by EUR 709.5 million. This transaction, which seeks to strengthen the Group's capital structure, is under way and will be completed in March.

2.1.5.4. Net interest-bearing debt

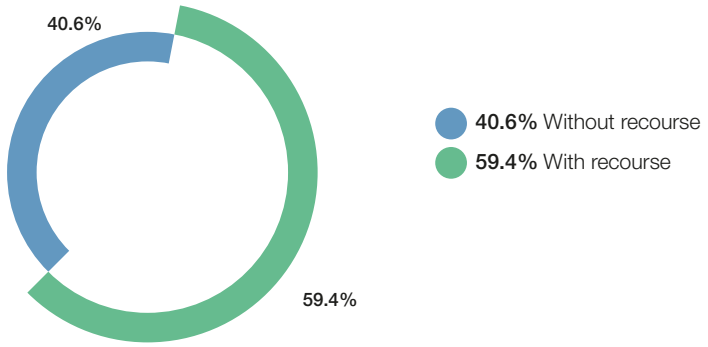
(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (M€)
Bank borrowings	5,647.7	5,756.4	(108.7)
Debt instruments and other loans	1,088.5	906.7	181.8
Accounts payable due to financial leases	62.1	53.6	8.5
Derivatives and other financial liabilities	251.5	216.9	34.6
Gross interest-bearing debt	**7,049.8**	**6,933.6**	**116.2**
Cash and other financial assets	(1,576.2)	(1,917.6)	341.4
Net interest-bearing debt	**5,473.6**	**5,016.0**	**457.6**
With recourse	3,254.3	2,798.3	456.0
Without recourse	2,219.3	2,217.7	1.6

Net interest-bearing debt stood at EUR 5,473.6 million at 31 December 2015, i.e. EUR 243.9 million less than at the end of September and EUR 457.6 million more than at 2014 year-end. This increase is due mainly to the reclassification of financial assets in the Construction area as long term, the net exchange rate effect on debt denominated in foreign currencies (EUR 83.3 million) and the reduction in the balance of cash.

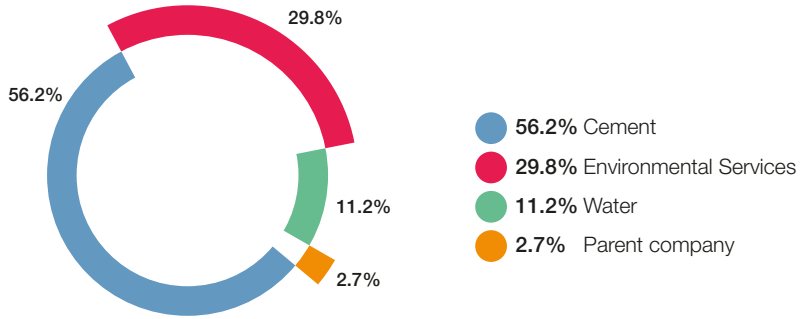
The balance of gross interest-bearing debt, which is the origin of the financial expenses, increased by EUR 116.2 million to EUR 7,049.8 million, mainly as a result of the aforementioned exchange rate effect; the balance of cash and current financial assets was reduced by EUR 341.4 million, mainly as a result of the aforementioned reclassification and the lower amount of customer receivables that were discounted in 2015.

Debt with and without Recourse



Net financial debt is divided between corporate debt (59.4%) and debt with limited recourse (40.6%). Net debt with recourse amounted to EUR 3,254.3 million at 31 December 2015, including legacy debt from the acquisition of a number of operating companies in the various divisions, excluding Cement, and is structured mainly as a syndicated loan and a EUR 450 million convertible bond issued by the parent company..

Net Debt without Recourse, by Area



Net interest-bearing debt without recourse to the Group parent company amounted to EUR 2,219.3 million at year-end. A large proportion of that is connected to the Cement area (EUR 1,248.9 million). Environmental Services accounts for EUR 659.6 million (EUR 571.1 million in the UK, EUR 60.1 million in Central Europe and the remainder in other waste treatment and recycling plants in Spain and Portugal). Net debt without recourse in the Water area amounted to EUR 249.8 million, of which EUR 175.7 million relate to the Czech Republic and the other EUR 74.1 million to a number of end-to-end water concessions in Spain. The EUR 61 million at parent company level are the project net debt of the concession companies for the Coatzacoalcos tunnel in Mexico and the Conquense highway in Spain.

2.1.5.5. Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities, which do not qualify as interest-bearing debt, was EUR 158.4 million at year-end. It includes financial liabilities such as those associated with hedging derivatives, suppliers of fixed assets, and deposits and guarantees received.

2.1.6. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (%)
EBITDA	**814.6**	**804.0**	**1.3%**
(Increase)/decrease in working capital	(35.7)	22.3	-260.1%
Income tax (paid)/received	(77.2)	(78.7)	-1.9%
Other operating cash flow	(101.4)	(138.7)	-26.9%
Operating cash flow	**600.3**	**608.9**	**-1.4%**
Investment payments	(431.9)	(485.5)	-11.0%
Divestment receipts	38.5	227.6	-83.1%
Other investing cash flow	(19.2)	90.7	-121.2%
Investing cash flow	**(412.6)**	**(167.2)**	**146.8%**
Interest paid	(269.5)	(358.5)	-24.8%
(Payment)/receipt of financial liabilities	(90.2)	(554.4)	-83.7%
Other financing cash flow	(32.8)	998.6	-103.3%
Financing cash flow	**(392.5)**	**85.7**	**N/A**
Exchange differences, change in consolidation scope, etc.	13.1	22.2	-41.0%
Increase/(decrease) in cash and cash equivalents	**(191.6)**	**549.5**	**-134.9%**

2.1.6.1. Operating cash flow

Group operating cash flow totalled EUR 600.3 million in 2015, practically the same as in 2014.

However, it is important to note the favourable underlying trend in working capital in the period. The total increase of EUR 35.7 million includes payment, on schedule, of EUR 183.6 million of taxes that were deferred in prior years, whereas the 2014 figure included EUR 71 million collected in 1Q14 under the Spanish government's second supplier payment plan. Moreover, in accordance with the financial objectives, the amount of customer receivables factored to banks without recourse was reduced by EUR 53 million with respect to 2014 year-end. All these factors represent a substantial improvement in working capital in like-for-like terms, due to the efforts to reduce the balance of customer receivables.

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (Mn€)
Environmental Services	(71.7)	(8.2)	(63.5)
Water	(3.3)	21.6	(24.9)
Construction	71.0	67.5	3.5
Cement	9.9	(2.0)	11.9
Corp. services and adjust.	(41.6)	(56.6)	15.0
(Increase)/decrease in working capital	**(35.7)**	**22.3**	**(58.0)**

Moreover, the other operating cash outflows, amounting to EUR 101.4 million in 2015 and EUR 138.7 million in 2014, were due mainly to the application of provisions for use in restructuring the Construction area.

2.1.6.2. Investing cash flow

Investing cash flow absorbed EUR 412.6 million in 2015, compared with EUR 167.2 million in 2014. The difference is due broadly to lower divestment collections, which declined from EUR 189.1 million to EUR 38.5 million. Moreover, the variation in other investing cash flows was negative this year in the amount of EUR 19.2 million, whereas in 2014 the company recovered deposits and sureties and collected loans to investees and discontinued operations for a total amount of EUR 90.7 million.

The breakdown of net investments by area, in terms of investment payments and divestment collections, is as follows:

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Environmental Services	(250.1)	(168.7)	(81.4)
Water	(71.3)	(96.7)	25.4
Construction	(40.1)	(77.1)	37.0
Cement	(12.6)	8.2	(20.8)
Corp. services and adjust.	(19.3)	76.4	(95.7)
Net investments (Payments - Collections)	**(393.4)**	**(257.9)**	**(135.5)**

The Environmental Services area was notable in terms of net investments, including investments in plants under development, particularly the incinerator in Buckinghamshire, UK.

2.1.6.3. Financing cash flow

Consolidated financing cash flow in the year was negative in the amount of EUR 392.5 million, including primarily EUR 269.5 million in interest payments, there being no appreciable changes in the volume of gross interest-bearing debt in the period, apart from early repayment of EUR 100 million of bank debt by the Cement area's parent company in the first quarter of 2015. This item in 2014 reflected the effect on the cash position of the EUR 1,000 million capital increase performed at the end of the year.

2.1.6.4. Exchange differences, change in consolidation scope, etc.

This item, which increased by EUR 13.1 million in the year, includes the effect of exchange rate fluctuations on cash, mainly in the Environmental area (UK).

2.1.6.5. Variation in cash and cash equivalents

Combining the foregoing flows, the Group's net cash position was reduced by EUR 191.6 million to EUR 1,345.5 million at year-end.

2.1.7. Business performance

2.1.7.1. Environmental Services

The Environmental Services area accounts for 51.7% of FCC Group EBITDA. A total of 95.7% of its activities involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep. The other 4.3% corresponds to industrial waste collection and management.

FCC's business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved principally in municipal waste treatment, recovery and disposal; in Central Europe, mainly Austria and the Czech Republic, it has a balanced presence throughout the municipal waste management chain (collection, processing and disposal). In Portugal and other countries, FCC is involved in both industrial and municipal waste management.

2.1.7.1.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Revenues	2,855.6	2,805.0	1.8%
Environmental Services	2,731.5	2,680.5	1.9%
Industrial Waste	124.1	124.5	-0.3%
EBITDA	425.3	418.3	1.7%
EBITDA margin	14.9%	14.9%	0.0 p.p.
EBIT	191.5	(437.8)	-143.7%
EBIT margin	6.7%	-15.6%	22.3 p.p.

Environmental Services revenues increased by 1.8% in 2015, to EUR 2,855.6 million, driven by 8.9% growth in international revenues.

Revenue Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	1,518.1	1,576.9	-3.7%
United Kingdom	926.9	846.0	9.6%
Central Europe	369.0	347.3	6.2%
Portugal & other	41.6	34.8	19.5%
Total	**2,855.6**	**2,805.0**	**1.8%**

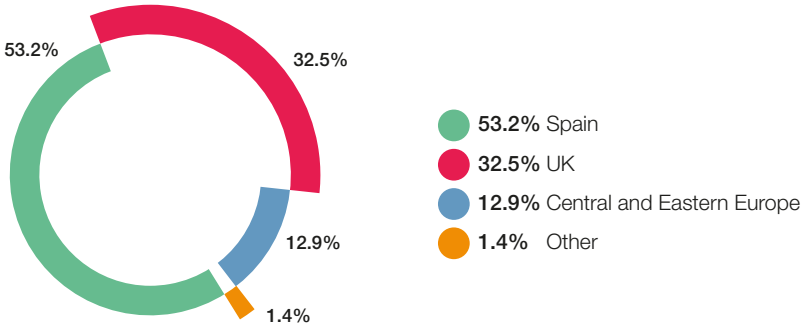
In Spain, revenues amounted to EUR 1,518.1 million, a decline of 3.7% year-on-year, due mainly to withdrawal of the waste collection contract for Madrid suburbs in the fourth quarter of 2014.

Revenues increased by 9.6% in the UK to EUR 926.9 million, boosted by sterling's appreciation against the euro. This trend was accompanied by an increase in municipal waste treatment and incineration revenues, broadly offsetting the effect of progressively closing the landfills, which impacted revenues due to the effect of landfill taxes collected by the company on behalf of the government. Additionally, construction of the Buckinghamshire incinerator is advancing, with entry into service scheduled for the second half of 2016.

Revenues in Central Europe increased by 6.2% year-on-year due to execution of a soil decontamination project in Slovakia, improved performance in Austria and the Czech Republic and expansion of the waste collection business in Poland.

The 19.5% increase in revenues in other markets is due basically to expansion of the Industrial Waste management business in the US.

Revenue Breakdown, by Region



EBITDA increased by 1.7% year-on-year to EUR 425.3 million, while the EBITDA margin was the same as in 2014. The withdrawal from the Madrid suburb waste collection contract had a positive impact on the average margin in Spain. Meanwhile, the EBITDA margin in the UK increased due to a larger contribution from the municipal waste incineration business. However, this improvement was not visible in the area's margin since the Buckinghamshire plant is still at the construction phase (with a lower margin than in the operational phase).

EBIT was positive in the amount of EUR 191.5 million, including a higher charge related to the plan to close the bulk of the landfills in the UK, which was implemented in 2014. The 2014 figure included an impairment charge of EUR 649.7 million against the value of the property, plant and equipment affected by that plan, which explains the negative EBIT of EUR 437.8 million in 2014.

Backlog Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	7,112.0	7,070.9	0.6%
International	4,713.7	4,598.8	2.5%
Total	**11,825.7**	**11,669.7**	**1.3%**

The area's backlog increased by 1.3% with respect to 2014 year-end, to EUR 11,825.7 million. In Spain, this area landed a 25-year municipal waste treatment contract in the province of Granada, worth EUR 394 million. The international backlog expanded by 2.5%, mainly as a result of the appreciation of sterling against the euro. The total backlog amounts to over 4 times revenues in the last twelve months.

2.1.7.1.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (%)
EBITDA	**425.3**	**418.3**	**1.7%**
(Increase)/decrease in working capital	(71.7)	(8.2)	N/A
Income tax (paid)/received	(26.4)	(57.4)	-54.0%
Other operating cash flow	7.0	(15.8)	-144.3%
Operating cash flow	**334.2**	**336.9**	**-0.8%**
Investment payments	(270.7)	(254.9)	6.2%
Divestment receipts	20.6	86.2	-76.1%
Other investing cash flow	16.2	50.3	-67.8%
Investing cash flow	**(233.9)**	**(118.4)**	**97.6%**
Interest paid	(95.4)	(160.7)	-40.6%
(Payment)/receipt of financial liabilities	(6.3)	(281.3)	-97.8%
Other financing cash flow	(120.5)	417.6	-128.9%
Financing cash flow	**(222.2)**	**(24.4)**	**N/A**
Exchange rate variations, etc.	11.1	12.1	-8.3%
Increase/(decrease) in cash and cash equivalents	**(110.8)**	**206.1**	**-153.8%**

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Net interest-bearing debt without recourse	659.6	625.5	34.1

Operating cash flow in the Environmental Services area was stable with respect to 2014: EUR 334.2 million. In addition to a slight increase in EBITDA, tax expenses were lower, offset by a reduction in factored customer receivables to banks without recourse by EUR 50.6 million, which was evident in the increase in working capital. Overall, the area's average payment period remained stable at 3.1 months.

Investment payments amounted to EUR 270.7 million, compared with EUR 254.9 million in 2014, mainly as a result of progress with the construction of the Buckinghamshire incineration plant in the UK.

Interest payments were reduced by 40.6% to EUR 95.4 million, broadly due to the reduction in interest-bearing debt, which includes the effect of FCC Environment (UK) repaying EUR 100 million of debt at the beginning of the year and the lower internal allocation of financial expenses was associated with prior years' acquisitions, which was transferred to the parent company; consequently, this did not have any impact on the Group's overall indebtedness or interest expenses.

Overall, including the additional negative impact on debt of sterling's appreciation, the area's net interest-bearing debt without recourse increased by just EUR 34 million at year-end, to EUR 659.6 million. Of that amount, EUR 571.1 million relates to the UK, EUR 60.1 million to Central Europe and the remaining EUR 28.4 million to waste treatment and recycling plants in Spain.

2.1.7.2. End to End Water Management

The Water area accounts for 27.6% of FCC Group EBITDA. Public concessions and end-to-end water management (capture, purification, distribution and treatment) account for 84.2% of total revenues, and design and construction of technology solutions for water treatment and water networks account for the other 15.8%.

FCC serves more than 13 million people in over 850 municipalities in Spain. In Central Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. FCC engages in water treatment plant construction and operation in Latin America and the Middle East and North Africa. Overall, FCC Aqualia provides water supply and/or sewage treatment services to over 23 million people.

2.1.7.2.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Revenues	1,033.5	954.0	8.3%
Concessions and services	869.8	872.5	-0.3%
Technology and networks	163.7	81.5	100.9%
EBITDA	227.5	208.4	9.2%
EBITDA margin	22.0%	21.8%	0.2 p.p.
EBIT	145.3	123.9	17.3%
EBIT margin	14.1%	13.0%	1.1 p.p.

The area's revenues increased by a notable 8.3% year-on-year to EUR 1,033.5 million, driven by strong growth in technology and networks in Spain and, to a greater extent, in other countries.

Revenue Breakdown, by Region

(Millions of Euros)

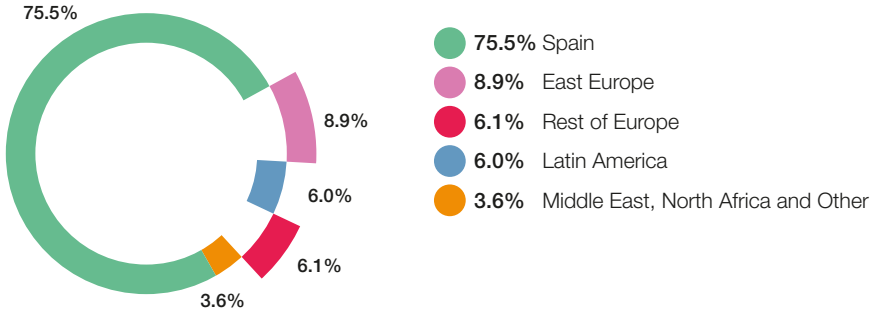
	Dec. 15	Dec. 14	Chg. (%)
Spain	779.8	772.1	1.0%
Central Europe	92.1	90.0	2.3%
Rest of Europe (Portugal and Italy)	62.8	51.2	22.7%
Latin America	62.0	24.1	157.3%
Middle East, North Africa and other	36.8	16.6	121.7%
Total	**1,033.5**	**954.0**	**8.3%**

Revenues increased by 1% year-on-year in Spain due to the higher volume of work on water treatment and distribution infrastructure. This low level of growth is characteristic of a year with municipal elections (mid-year), coupled with a very low level of public investment in water infrastructure since the priority is to reduce public deficit.

Latin America registered strong growth due to execution of a number of projects, such as a water supply system and water mains in Mexico, and a sewage treatment plant in Chile. The rapid growth experienced in the Middle East, North Africa and other markets is mainly due to work on networks in Riyadh and treatment plants in Mecca (Saudi Arabia).

Revenues increased by 2.3% in Central Europe, mainly in the Czech Republic; elsewhere in Europe, they increased by 22.7% as a result of the tariff update on the end-to-end water management contract in Sicily (Italy).

Revenue Breakdown, by Region



EBITDA increased sharply, by 9.2% year-on-year, to EUR 227.5 million. The EBITDA margin expanded slightly to 22% despite the greater exposure to the technology and networks business, due to the steady improvement in technical efficiency in the concession business and to withdrawal from a number of loss-making contracts in Spain.

Backlog Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	9,924.2	10,575.1	-6.2%
International	4,519.5	4,538.7	-0.4%
Total	**14,443.7**	**15,113.8**	**-4.4%**

The backlog of future revenues declined by 4.4% with respect to 2014 year-end, to EUR 14,443.7 million, i.e. 14 times the last twelve months' revenues. The international backlog of EUR 4,519.5 million does not yet include the contract awarded recently to a consortium headed by FCC Aqualia for the design, construction and operation of the Abu Rawash sewage treatment plant in Egypt, which represents close to EUR 2,400 million in revenues and is pending financial closure of the project finance for development and commissioning.

2.1.7.2.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**227.5**	**208.4**	**9.2%**
(Increase)/decrease in working capital	(3.3)	21.6	-115.3%
Income tax (paid)/received	(38.6)	(19.3)	100.0%
Other operating cash flow	18.0	20.1	-10.4%
Operating cash flow	**203.6**	**230.8**	**-11.8%**
Investment payments	(78.8)	(106.4)	-25.9%
Divestment receipts	7.5	9.7	-22.7%
Other investing cash flow	(88.4)	(123.8)	-28.6%
Investing cash flow	**(159.7)**	**(220.5)**	**-27.6%**
Interest paid	(37.2)	(45.3)	-17.9%
(Payment)/receipt of financial liabilities	38.3	71.4	-46.4%
Other financing cash flow	(69.9)	3.7	N/A
Financing cash flow	**(68.8)**	**29.8**	**N/A**
Exchange rate variations, etc.	(2.8)	(0.5)	N/A
Increase/(decrease) in cash and cash equivalents	**(27.7)**	**39.6**	-169.9%

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Net interest-bearing debt without recourse	249.8	240.2	9.6

Despite the improvement in EBITDA, the area's operating cash flow declined by EUR 27.2 million with respect to 2014, to EUR 203.6 million, due to variations in working capital. The latter increased by EUR 3.3 million in 2015 due to payment of EUR 22.9 million in taxes that had been deferred in previous years, whereas in the first quarter of 2014 the company collected EUR 16 million under the second supplier payment plan. Adjusting for both items, ordinary working capital performed positively with respect to the previous year.

Investment payments amounted to EUR 78.8 million, 25.9% less than in 2014. Other investing cash flow includes mainly loans to Group companies, which are adjusted in the consolidated cash flow statement.

Overall, net cash in the area was reduced by EUR 27.7 million. Net debt without recourse amounted to EUR 249.8 million, practically unchanged; of that amount, EUR 175.7 million relates to the business in the Czech Republic and the other EUR 74.1 million to a number of end-to-end water concessions in Spain.

2.1.7.3. Construction

The Construction area accounted for 9.2% of FCC Group EBITDA in 2015. It is mainly involved in the design and construction of large civil engineering and industrial works and building in certain geographies. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

2.1.7.3.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (%)
Revenues	1,992.9	2,076.1	-4.0%
EBITDA	75.8	98.2	-22.8%
EBITDA margin	3.8%	4.7%	-0.9 p.p.
EBIT	(19.2)	27.8	-169.1%
EBIT margin	-1.0%	1.3%	-2.3 p.p.

This area's revenues amounted to EUR 1,992.9 million in 2015, down 4% year-on-year due to the 13.4% decline in revenues in Spain. That decline was the result of steady cutbacks in public investment in infrastructure in recent years.

Nevertheless, the decline in revenues in Spain was partly offset by 5.4% growth in international revenues, which now account for 54.9% of the area's total.

Revenue Breakdown, by Region

(Millions of Euros)

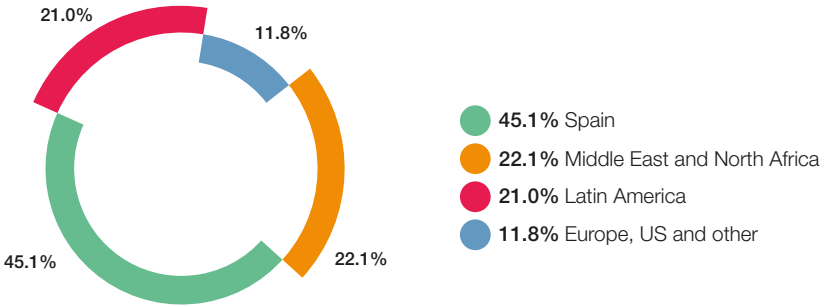
	Dec. 15	Dec. 14	Chg (%)
Spain	898.7	1,037.9	-13.4%
Middle East & North Africa	439.6	184.5	138.3%
Latin America	419.4	640.4	-34.5%
Europe, US and other	235.2	213.2	10.3%
Total	**1,992.9**	**2,076.1**	**-4.0%**

Revenues surged in the Middle East and North Africa due mainly to the execution of the Riyadh metro project and the commencement of work on Doha metro at the end of 3Q14.

Revenues in Latin America declined by 34.5% because of the completion of major projects, such as Metro line 1 and road reorganisation in Panama City, while work on Lima metro commenced at the end of 1Q15 and construction of Panama Metro line 2 in the fourth quarter.

The 10.3% increase in revenues in Europe, the US and other markets was due broadly to commencement of work on the Mersey Gateway Bridge in the UK in the second quarter of 2014. Construction of the Gerald Desmond Bridge in Los Angeles (USA) continues.

Revenue Breakdown, by Region



EBITDA declined by 22.8% year-on-year, to EUR 75.8 million. This was due to the lower volume of business in Spain and the deterioration of margins in the domestic market as a temporary consequence of the more selective bidding policy.

EBIT was negative in the amount of EUR 19.2 million, after deducting a number of items from EBITDA, including notably EUR 37.7 million in depreciation and amortisation, a EUR 22.3 million charge for workforce restructuring in the year, and a one-time charge for the withdrawal from certain geographies.

Backlog Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec.14	Chg. (%)
Spain	1,358.8	2,019.7	-32.7%
International	4,871.5	4,193.3	16.2%
Total	**6,230.3**	**6,213.0**	**0.3%**

The area's backlog was practically unchanged with respect to 2014, having increased by just 0.3% to EUR 6,230.3 million. The sharp reduction in the backlog in Spain caused by low demand for civil engineering work and the change in the company's market approach was offset by larger international order intake; the international backlog expanded by 16.2% to EUR 4,871.5 million after the inclusion of the contract to design and build Panama City Metro line 2 (attributable amount: EUR 663 million).

Backlog Breakdown, by Business Segment

(Millions of Euros)

	Dec. 15	Dec.14	Chg. (%)
Civil engineering	5,008.2	5,002.2	0.1%
Building	907.2	886.5	2.3%
Industrial projects	314.9	324.3	-2.9%
Total	**6,230.3**	**6,213.0**	**0.3%**

Civil engineering and industrial projects declined slightly as a share of the total, to 85.4%, while building (almost entirely non-residential) accounted for the remaining 14.6%.

2.1.7.3.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**75.8**	**98.2**	**-22.8%**
(Increase)/decrease in working capital	71.0	67.5	5.2%
Income tax (paid)/received	(25.6)	50.6	-150.6%
Other operating cash flow	(25.7)	(119.2)	-78.4%
Operating cash flow	**95.5**	**97.1**	**-1.6%**
Investment payments	(52.4)	(104.5)	-49.9%
Divestment receipts	12.3	27.4	-55.1%
Other investing cash flow	130.9	(137.5)	-195.2%
Investing cash flow	**90.8**	**(214.6)**	**-142.3%**
Interest paid	(11.7)	(45.7)	-74.4%
(Payment)/receipt of financial liabilities	(72.5)	208.8	-134.7%
Other financing cash flow	0.0	0.9	-100.0%
Financing cash flow	**(84.2)**	**164.0**	**-151.3%**
Exchange rate variations, etc.	(39.1)	7.7	N/A
Increase/(decrease) in cash and cash equivalents	**63.0**	**54.2**	**16.2%**

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Net interest-bearing debt without recourse	0.0	68.0	(68.0)

The area's operating cash flow amounted to EUR 95.5 million, in line with 2014. That included positive working capital performance, including the seasonal improvement that occurs towards year-end; cash flow amounted to EUR 71 million in the full year. Additionally, other operating cash flow (EUR 25.7 million) included restructuring expenses during the year.

Working capital in 2015 included the payment of EUR 41.2 million in tax that had been deferred in previous years; in 2014, this item included EUR 44 million collected under the Spanish government's second supplier payment plan.

Investment payments amounted to EUR 52.4 million, compared with EUR 104.5 million in 2014, which included EUR 49.2 million invested in infrastructure concessions, whereas the 2015 figure mainly refers to investment in specialised plant to start work on a number of contracts (mainly underground civil engineering). Other investing cash flow, which was positive in the amount of EUR 130.9 million, basically refers to changes in loans to Group companies.

Consequently, the area's net cash position increased by EUR 63 million, 16.2% more than the variation in 2014.

This area had no net interest-bearing debt without recourse at year-end since the stakes in the two companies where the debt was located were transferred to the Group parent company during the year. Consequently, the balance of net debt relating to those two concession companies (Coatzacoalcos tunnel, in Mexico, and Conquense highway, in Spain) was retired from this area.

2.1.7.4. Cement

The Cement area accounted for 11.6% of FCC Group EBITDA in 2015, through the 77.9% stake in Cementos Portland Valderrivas (CPV). This area produces cement; it has seven factories in Spain, three in the US and one in Tunisia.

2.1.7.4.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Revenues	580.4	542.9	6.9%
Cement	514.9	467.2	10.2%
Other	65.5	75.7	-13.5%
EBITDA	94.3	104.8	-10.0%
EBITDA margin	16.2%	19.3%	-3.1 p.p.
EBIT	28.6	35.9	-20.3%
EBIT margin	4.9%	6.6%	-1.7 p.p.

This area's revenues increased by 6.9% in 2015 to EUR 580.4 million, boosted by a 10.2% increase in cement revenues, which was partly offset by the closure of the less profitable concrete, mortar and aggregate businesses in Spain during the year.

Revenue Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	197.2	196.0	0.6%
US and Canada	212.8	180.0	18.2%
Tunisia	80.3	83.8	-4.2%
UK and other	90.1	83.1	8.4%
Total	**580.4**	**542.9**	**6.9%**

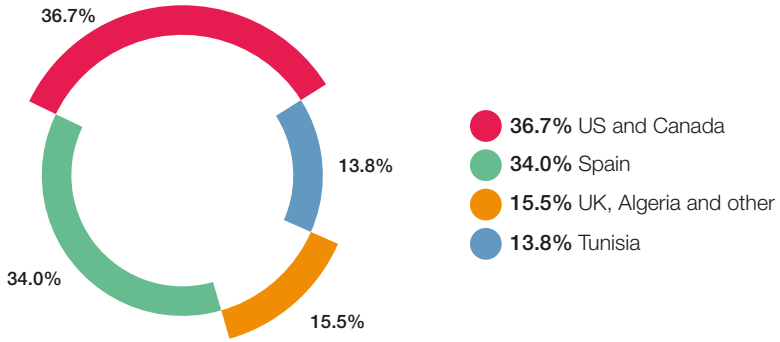
Revenues in Spain continued to recover (+0.6% in the year) after six years of steady decline. Cement sales increased by 4.3%, while cement consumption in the domestic market increased by 5.3% in the year. However, revenues in other activities declined by 20% because of the aforementioned closure of less profitable concrete, mortar and aggregate plants in 2014.

Revenues expanded by 18.2% in the US and Canada, supported by the dollar's appreciation against the euro. Good cement revenue performance (+26.7%) was partly offset by lower concrete sales after this business was discontinued in 2015.

In contrast, revenues declined by 4.2% in Tunisia due to a reduction in local cement consumption from the peak in the first half of 2014. Exchange rate fluctuations had a positive 3.1% impact.

Revenues from exports to the UK and other markets increased by 8.4%, favoured by higher demand in the UK, the favourable sterling exchange rate, and entry into new markets.

Revenue Breakdown, by Region



Despite the increase in revenues, EBITDA amounted to EUR 94.3 million, compared with EUR 104.8 million in 2014. This was due principally to lower non-recurring revenues from the sale of CO_2 emission rights (EUR 3.9 million in 2015, vs. EUR 20.8 million in 2014).

Adjusting for this effect, EBITDA would have increased by 7.6% in like-for-like terms in 2015.

2.1.7.4.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**94.3**	**104.8**	**-10.0%**
(Increase)/decrease in working capital	9.9	(2.0)	N/A
Income tax (paid)/received	(6.9)	(5.5)	25.5%
Other operating cash flow	(10.7)	(12.5)	-14.4%
Operating cash flow	**86.6**	**84.8**	**2.1%**
Investment payments	(16.8)	(14.6)	15.1%
Divestment receipts	4.2	22.8	-81.6%
Other investing cash flow	0.8	0.7	14.3%
Investing cash flow	**(11.8)**	**8.9**	**N/A**
Interest paid	(94.0)	(71.4)	31.7%
(Payment)/receipt of financial liabilities	3.7	(23.8)	-115.5%
Other financing cash flow	(2.3)	(4.1)	-43.9%
Financing cash flow	**(92.6)**	**(99.3)**	**-6.7%**
Exchange rate variations, etc.	3.4	2.9	17.2%
Increase/(decrease) in cash and cash equivalents	**(14.4)**	**(2.7)**	N/A

(Millions of Euros)

	Dec. 15	Dec.14	Chg. (Mn€)
Without recourse	1,248.9	1,283.9	(35.0)
With recourse	126.6	20.4	106.2
Net interest-bearing debt	**1,375.5**	**1,304.3**	**71.2**

Despite the lower operating profit caused by the reduction in emission rights sales, operating cash flow increased slightly year-on-year to EUR 86.6 million due to the improvement in working capital.

Investment payments were basically for maintenance and amounted to EUR 16.8 million, in line with 2014; divestment collections declined due to the reduction in sales of non-operational real estate. Overall, investing cash flow amounted to just EUR 11.8 million in the period.

Interest expenses amounted to EUR 94 million in 2015, compared with EUR 71.4 million in 2014; the increase was due mainly to differences in interest settlement calendars between years. Overall, the balance of cash and cash equivalents was reduced by EUR 14.4 million in 2015.

As is appropriate for a listed company with minority shareholders that is managed independently, the bulk of the Cement area's debt is without recourse to FCC. The EUR 35 million reduction in that amount was due to repayment of bank debt by the area's parent company in the first quarter.

Net debt with recourse is confined to the balance of the amount that FCC, S.A. loaned to its subsidiary, which amounted to EUR 126.6 million at 2015 year-end and is underpinned by the commitment which the shareholder made to CPV's financiers in 2012 for a maximum amount of EUR 200 million.

2.2. Business performance. Environment

The information relating to the FCC Group's Environmental Policy is described in greater detail in Note 30 to the consolidated financial statements.

The FCC Group's strategy is based on a commitment to social responsibility in relation to environmental services, complying with the applicable legal requirements, respect for its relationship with its stakeholders and its desire to generate wealth and social well-being.

At the FCC Group, the following principles, which form the basis of its contribution to sustainable development, are encouraged and stimulated throughout the organisation:

- Continuous improvement: To promote environmental excellence through the setting of targets to achieve continuous improvement in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.
- Control and monitoring: To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.
- Climate change and prevention of pollution: To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies. To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.
- Care for the environment and innovation: To identify the risks and opportunities pertaining to the activities with respect to the changing natural environment in order to promote innovation and the use of new technologies, and to generate synergies among the FCC Group's various activities.
- Life cycle of the products and services: To make environmental considerations a priority in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.
- Ensure the participation of all: To promote awareness and application of the environmental principles among employees and other stakeholders.

2.3. Business performance. Employees

Following is a detail, by business area, of the FCC Group's headcount at 31 December 2015:

Area	Spain	Abroad	Total	% of Total	%Chg. 2014
Environmental Services	30,213	8,469	38,682	70%	0.5%
Water Management	5,918	1,715	7,633	14%	1.6%
Construction	4,013	2,838	6,851	12%	-31.3%
Cement	803	882	1,685	4%	-3.6%
Central Services and Other	294	–	294	0%	-9.2%
Total	**41,241**	**13,904**	**55,145**	**100%**	**-5.9%**

03. Liquidity and Capital Resources

Liquidity

To optimise its financial position, the FCC Group maintains a proactive liquidity risk management policy by monitoring cash and its projections on a daily basis.

The FCC Group meets its liquidity requirements through the cash flows generated by the businesses and through the financial agreements reached.

With a view to improving its financial position, the Group actively manages collection from its customers to ensure they meet their payment obligations.

For the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Group has the cash disclosed in the consolidated balance sheet (see Note 17 to the consolidated financial statements), and financing (detailed in Note 21 to the consolidated financial statements).

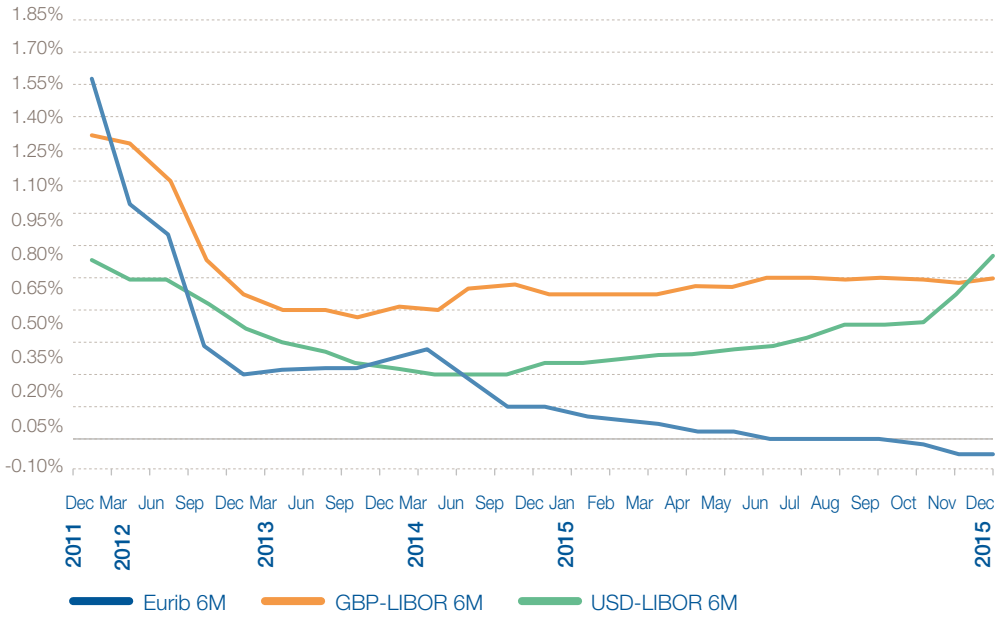
Capital resources

The Group manages its capital to ensure that the Group companies are capable of continuing as profitable and solvent businesses.

As part of capital management operations, the Group obtains financing through a wide variety of financial products from more than 50 Spanish and international financial institutions.

In 2014 the Group completed a EUR 4,528 million global financing process and in recent years it has reached various limited recourse debt refinancing agreements (see Note 21 to the consolidated financial statements). At the end of 2014 a capital increase of almost EUR 1,000,000 thousand was also successfully completed and a new capital increase of EUR 709,519 thousand has recently been announced.

In order to optimise the cost of capital resources, the FCC Group maintains an active interest rate risk management policy that includes ongoing monitoring of the market and assumes various positions based mainly on the financed asset. Interest rate stability in 2015 led to very stable interest rate risk in that year (see Note 31 to the consolidated financial statements).



This section is discussed in further detail in Note 31 to the consolidated financial statements.

04. Main Risks and Uncertainties

The FCC Group is continuing the work initiated in 2014 to implement an Integrated Risk Management Model, which is being progressively deployed and which, once it is fully up and running, will lead to significant improvement in the near future when mitigating the impact of any variances in and breaches of its financial and business strategy. This model will enable the Group to pre-empt the potential risks to which its activities are subject, since it operates in various geographical spheres, activities and legal environments, which, in turn, involve different risk levels inherent to the businesses in which it performs its operations.

In 2015 the Risk Management Department prepared and submitted to the Audit and Control Committee for approval a new set of regulations relating to the Governance, Risk and Regulatory Compliance of the FCC Group. This set of regulations includes, among other documents, the Risk Management Policy and System, which are expected to be approved by the Group's Board of Directors in 2016, thereby promoting the implementation of the risk control and management model.

The aim of the Risk Management regulations is to implement, develop and improve, on an ongoing basis, a common working framework or structure, the purpose of which is to integrate the risk management process into corporate governance in relation to the organisation, planning and strategy, management, reporting processes, policies, values and culture:

- Integrating the risk-opportunity viewpoint into the FCC Group's management, by defining the risk strategy and appetite, and incorporating this variable into the strategic and operating decisions.
- Dividing, at the operating level, functions between the risk management or risk-taking areas and the areas responsible for their analysis, control and supervision, guaranteeing an appropriate level of independence.
- Reporting, in a transparent fashion, the Group's risks and the functioning of the systems developed for their control to the Board of Directors, establishing the appropriate channels for facilitating such communication.
- Supervising the implementation of action plans that are appropriate for dealing with the various risks.
- Acting at all times in accordance with the law and with the Group's corporate governance system and, in particular, with the values and standards of conduct reflected in the Code of Ethics and with the principle of “zero tolerance” towards unlawful acts and situations of fraud.
- Supervising adequate compliance with the corporate governance rules established by the FCC Group, through its corporate governance system, ensuring in turn the update and continuous improvement of that system within the framework of the best international transparency and good governance practices, thus making it possible to monitor and measure them.

That Risk Management Policy defines a risk management and control model based on the existence of three risk management levels. The first and second risk management levels lie within the business units themselves, which in the course of their activities give rise to the FCC Group's risk exposure.

The first level of risk management is the responsibility of the operating lines of the business units, which are responsible for managing, monitoring and reporting adequately the risk generated, which must be in line with the risk appetite and risk limits authorised.

The second Internal Control level corresponds to the risk support, control and supervision teams at the business units. This second level is responsible for the effective control of the risks and for ensuring that they are managed in accordance with the risk appetite level defined.

The third risk management level corresponds to the corporate functions outside the business units which are therefore independent from the business units. The most significant corporate function in the risk management process is that performed by the General Internal Audit and Risk Management Division, which reports directly to the Audit Committee and discharges two different functions, namely the Risk Management function and the Internal Audit function.

Over and above the lines of defence, the Board Committees and the executive risk committees at both corporate and business unit level are responsible for the adequate management and control of the risks from the highest level within the organisation.

In 2015, as a continuation of the work performed in 2014 and in line with the content of the regulatory documents described, the risk in each business area was partially managed in 2015 through:

- The identification of the key risks for the FCC Group, based on their potential threat to the attainment of the organisation's objectives in each business area.
- Risk evaluation. The risk valuation scales are defined in accordance with the potential impact of the risks if they materialise and their likelihood of occurrence.
- The identification of the controls and procedures that mitigate both the economic impact and the likelihood of occurrence.
- The identification of the specific control activities that mitigate both the economic impact and the likelihood of occurrence.
- The identification of risk indicators that constitute a warning system, detecting signs in relation to risk exposure and risk materialisation, giving warnings regarding the situation and making it possible to adopt preventative measures to stop the risk from materialising.
- The identification of an owner for each identified risk, as the person responsible for maintaining an adequate Internal Control level.

In addition, in order to guarantee compliance with the best practices in this field (COSO), the FCC Group's General Internal Audit and Risk Management Division oversaw the work performed by the various business areas during the implementation stages of the Model relating to risk identification and assessment, the appropriate identification of existing control activities and identification of the most effective early risk materialisation indicators.

In 2016, and within the aforementioned regulatory framework, work will continue on the implementation of the Model. For risks exceeding the Accepted Risk for each sector of activity, the necessary action plans will be put into place, including possible corrective measures enabling their critical nature to fall within the Accepted Risk area. These action plans will include the measures required to strengthen existing controls and could potentially include new controls. Work will also be carried out with a view to identifying control performance indicators.

Also, work will continue on updating specific Risk Management procedures in each business area, to ensure compliance with the Model and the active involvement of the business areas in any decision-making process within the organisation.

The FCC Group's risk management system, following best business practices in this sphere and applying COSO methodology, categorises the following types of risk:

- Strategic risks: Risks considered key for the organisation which must be managed proactively and on a priority basis. Should such risks materialise, they would seriously jeopardise the attainment of the strategic objectives.
- Operational risks: These are risks associated with operating management and the value chain of each of the organisation's business lines and the protection of its assets against possible losses.
- Compliance risks: Risks affecting internal and external regulatory compliance.
- Financial risks: Risks associated with financial markets and cash generation and management.
- Reporting risks: Risks relating to internal and external financial and non-financial reporting which encompass established factors such as reliability, timing and transparency.

In view of the unique nature of reporting risks and the importance for the FCC Group of controlling them adequately, in 2015 work began on classifying them as a separate category, making reference to risks associated with the reliability of the businesses' financial reporting, which is consolidated at the FCC Group's parent, including those relating to the generation of information and its management throughout the organisation. Until now, the reporting risks had been included in the operational and strategic risk category.

4.1. Main risks and uncertainties. Operational risks

a) Public Authorities can unilaterally amend or terminate certain contracts before they have been fully performed. In these cases, the compensation to be received by the FCC Group might not be sufficient to cover the losses incurred and, also, such compensation might be difficult to collect.

b) The economic crisis has led to a slump in the tax revenues of Public Authorities, causing a decline in investment in industries such as concessions or infrastructures.

c) Certain municipalities could decide to manage the services currently provided by the FCC Group.

d) The FCC Group's design and construction activities expose it to certain risks, including those relating to economic losses and third-party liability.

e) The FCC Group carries on its activities through long-term contracts that can adversely affect its ability to react swiftly and appropriately to new unfavourable financial situations.

f) The FCC Group's ability to make payments is linked to its customers' ability to make payments.

g) The decline in the acquisition of goods and services or project delays in both the public and private sectors can adversely affect the FCC Group's results.

h) The FCC Group relies on technology to develop its lines of business and maintain its competitiveness. If the FCC Group failed to keep up with technological developments or industry trends, its business could be adversely affected.

i) The companies in which the FCC Group has ownership interests together with third parties may expose it to risks.

j) Certain of the FCC Group's investees are controlled by third parties over which the FCC Group does not exercise control.

k) The FCC Group's backlog is subject to project adjustments and cancellations and, therefore, is not a sure indication of future revenue.

l) The FCC Group participates in tender processes and authorisation regulatory procedures, in which significant expenses can be incurred, without any guarantee of success.

m) The FCC Group carries on its activity in competitive markets.

n) Public opinion may react negatively to certain FCC Group facilities.

o) The FCC Group uses large volumes of energy in its business, exposing it to the risk of fluctuations in energy prices.

p) The departure of key technical and management staff could hamper the success of business operations.

q) The FCC Group is increasingly dependent on IT systems.

r) The FCC Group is subject to litigation risk.

s) The industries in which the FCC Group operates are subject to intense scrutiny by competition authorities.

t) If the FCC Group fails to obtain Government approval for its projects or suffers delays in obtaining them, its financial position and results could be adversely affected.

u) The FCC Group's activities are subject to laws and regulations against bribery and corruption that affect where and how the FCC Group conducts its activities.

v) The FCC Group can be affected by accidents that take place at its construction projects.

w) Risks associated with the Environmental Services Area.

   i. The landfill business in the UK has been and continues to be exposed to a very adverse market climate, which could continue to deteriorate in the future, thereby having a negative bearing on the FCC Group.

   ii. A decline in waste collection would lead to a fall in the amounts received.

x) Risks associated with the Water Area.

   i. The Water business activities are sensitive to changes in consumption models.

   ii. The Water business is sensitive to weather conditions.

   iii. In the supply of drinking water, the FCC Group must ensure that water is fit for human consumption.

   iv. Polluted water discharges could adversely impact the FCC Group.

y) Risks relating to the Construction Area.

i. The FCC Group is subject to construction-related risks.

ii. The construction industry is highly cyclical.

iii. The FCC Group's construction projects could be delayed or their budget might be exceeded, leading to lower profits than those expected or losses.

z) Risks associated with the Cement Area.

i. The cement business's operations are subject to emission control regulations.

ii. The construction material market is significantly affected by the cyclical nature of the construction industry.

4.2. Main risks and uncertainties. Financial risks

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

Capital risk

Capital risk is described in greater detail in point 3 in this consolidated Directors' Report.

Interest rate risk

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the ongoing monitoring of markets and on assuming different positions based primarily on the asset being financed.

Foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the statement of profit or loss.

Solvency risk

The most representative ratio for measuring solvency and capability of repaying the debt is: Net Debt/EBITDA.

Liquidity risk

Liquidity risk is described in greater detail in point 3 in this consolidated Directors' Report.

Concentration risk

This risk arises from the concentration of financing transactions with common features which are distributed as follows:

- Sources of financing: in order to diversify this risk, the FCC Group works with numerous Spanish and international financial institutions in order to obtain financing.
- Markets/Geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets. The Group's debt is concentrated mainly in euros and the remainder in various currencies in several international markets.
- Products: the FCC Group arranges various financial products, including loans, credit facilities, bonds, syndicated transactions, factoring, discounting, etc.
- Currency: the FCC Group finances its operations in a wide variety of currencies, corresponding to the country of origin.

Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position, could result in the risk of non-payment of the amounts owed.

The Group requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in ongoing monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group's policy is to not accept projects without an allocated budget and financial approval. Offers exceeding a certain collection period must be authorised by management of the Financial Department. Furthermore, late payment is monitored on an ongoing basis by specific bodies, including the risk committees.

Financial derivatives designated as hedging instruments

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in the notes to the consolidated financial statements. The main financial risk hedged by the FCC Group using derivative instruments relates to fluctuations in the floating interest rates to which the FCC Group companies' financing is tied. Financial derivatives are measured by experts on the subject that are independent from the Group and the entities financing it, using generally accepted methods and techniques.

The financial risks to which the Group is exposed are discussed in greater detail in Note 31 to the FCC Group's consolidated financial statements.

05. Significant Events After the Reporting Period

As regards the new capital increase agreed on by the Board of Directors on 17 December 2015 (see Note 14), on 5 February 2016 the reference shareholders of the Company, Ms Esther Koplowitz Romero de Juseu and the companies related to her (Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U.) entered into a novation agreement amending but not extinguishing the related investment agreement signed on 27 November 2014, with Inversora Carso, S.A. de C.V. (Carso) (the Guarantor) and its subsidiary Control Empresarial de Capitales, S.A. de C.V. (CEC) (the Investor). The main issues addressed in the aforementioned novation are as follows:

- The inclusion of Nueva Samede in the agreement, as a future new shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) following the new capital increase.
- The continuation of FCC's recapitalisation process, establishing the conditions and deadlines.
- The amendment of FCC's corporate governance regime, as regards the transfer of shares in the event that, as a result of the new capital increase and the subscription undertaking of the Investor and/or Guarantor (see Note 14), the investor owns more than 29.99% of the share capital with voting rights or acquires control of FCC, as well as the elimination of the provision relating to the maximum ownership interest of the parties in the Company's share capital.

- Undertakings in relation to the new capital increase: i) with respect to the sale of the pre-emption rights with which Nueva Samede undertakes to acquire and the current shareholders undertake to transfer all of the rights arising from the capital increase; ii) Nueva Samede will subscribe and pay in full shares for a maximum amount of EUR 159,504,126; iii) CEC will subscribe and pay in full shares for a maximum amount of EUR 182,178,126; iv) the possibility for CEC or Carso to subscribe additional FCC shares, pursuant to the terms and conditions provided for in the new capital increase prospectus, which could lead to their ownership interests in FCC after the capital increase being higher.
- Amendments to FCC's bylaws and changes to the composition of the Board of Directors in the event that CEC and/or Carso attain a percentage of the voting rights equal to or higher than 30% or they gain control over the Company in any other way.

Also, On 5 February 2016 Ms Esther Koplowitz Romero de Juseu, Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U. entered into a sale agreement for the pre-emption rights of the new capital increase and other complementary agreements. The main aspects included in the agreements refer to: i) establishing the terms and conditions that will govern the transfer of the pre-emption rights of Ms Esther Koplowitz and Dominum Dirección y Gestión, S.A. resulting from the new capital increase to Nueva Samede, S.L.U.; ii) the subsequent exercise of the aforementioned rights by Nueva Samede; and iii) the undertaking of Carso (as the financing party) to finance Nueva Samede for the acquisition of the pre-emption rights and the payment of the shares arising from the new capital increase.

On 9 February 2016 the Securities Note was approved by the Spanish National Securities Market Commission. The pre-emption right period ran from 12 February to 26 February 2016, inclusive. The official listing of these new shares will be requested, and it is estimated that the official listing will take place on 4 March 2016.

As a result of the agreement of 12 February 2016 for the aforementioned new capital increase effective on that date, and pursuant to the terms and conditions established In the convertible bond issue (see Notes 18 and 21), the conversion price was recalculated to EUR 21.50 per ordinary share, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,325.58 ordinary shares.

06. Company Outlook

Set forth below are the prospects for 2016 for the main business areas composing the FCC Group. The construction and services backlog at 2015 year-end, which amounted to EUR 32,499 million, guarantees the continuation of a high level of activity over the coming years.

In the **Environmental Services** Area in Spain, once the budgets of the public authorities have been established, a conservative scenario is envisaged as 2016 is a post-election year and significant growth is not expected. Also, CPI growth is close to zero, meaning that growth will similarly not be triggered by index-linked price revisions. Very strict control will continue to be exercised over costs in order to maximise profitability. The number of energy efficiency contracts is expected to continue to rise, which could lead to moderate growth in this market niche. Trade receivables, after the introduction of the public administration electronic invoice, have stabilised, as a result of which the levels of 2015 are expected to be maintained or even improved upon.

On the international stage, landfill activity is expected to continue to progressively decline, the effect of which will be offset by the higher growth of the recycling, treatment and incineration activities, which offer greater value added and in which FCC has a prominent position at European and world level. 2016 will also see a reduction of the volume of business associated with the construction of plants under concession arrangements, which was unusually high in 2015. Overall, the volume of business will be similar to that of 2015. In this regard, the performance of new waste treatment and incineration projects through both long-term PPP (public private partnership) contracts and private contracts is forecast to continue in 2016. Particularly worthy of mention is the contract for the Edinburgh and Midlothian treatment and incineration plant, awarded to FCC in December 2014, the financing of which is expected to be closed and construction of which is expected to begin in the first half of 2016.

FCC is working on the development of other similar projects both in countries in which it already has a presence and new geographical areas. It should be noted that in 2015 FCC has pre-qualified for the final phase of a call for tenders for waste treatment and incineration concessions in Serbia and Kuwait, the final bids for which will be submitted in 2016.

In 2016 work will continue on the implementation of the current landfill activity optimisation plan aimed at only keeping assets that meet market demand at medium term. Work will also continue on the existing treatment plant performance enhancement programme with the consolidation of the businesses in Eastern Europe. These measures contributed to improving margins in 2015 and the trend is expected to continue in 2016.

Also, in the Industrial Waste industry, continuing on from the situation in 2015, there continue to be signs of an improvement in the volumes of waste managed as a result of an upturn in industrial activity. Particularly noteworthy is the increase in the volume of soil decontamination work at urban brownfield sites. In Portugal the waste treatment activity is expected to be maintained in 2016, although a significant drop in soil decontamination work is forecast as a result of the absence of ERDF funds for the coming year, which is expected to be offset by the import of waste from other countries.

In the US, the operations of the Theodore (Alabama) plant engaging in the management of waste from oil production and extraction activities were affected by the sharp drop in oil prices and, therefore, by the closure of many on-shore facilities. Steps are currently being taken to explore the possibility of importing waste from off-shore platforms in the Gulf of Mexico through a new waste transfer plant in Port Fourchon. Also, in connection with urban waste management, the number of waste management bids tendered to public sector entities has been increased, and in 2015 urban solid waste collection contracts were won in two areas of Orange County (Florida), one of which commenced on 1 January 2016. A contract was also won for the construction and operation over 15 years of a plant in Dallas (Texas) for the management of the selective waste collection for the city which will be built in 2016 and which will start operating in 2017. FCC is continuing to tender for new contracts in other municipalities.

Noteworthy in the **End-to-End Water Management** Area in Spain are the measures taken by the Spanish Central Government to establish a flexible and efficient regulatory framework for this industry. The Ministry of Agriculture, Food and Environmental Affairs has produced an initial draft of the Water Industry Bill, although the new legislation was put on hold as a result of the general elections. Also, the initial draft of the Economic De-Indexing Bill was approved in March and the Public Procurement Bill is currently at the public information stage. These regulatory measures are expected to boost investment in the renewal of distribution networks and treatment facilities, which will augment the private management of water in Spain.

In the international field, worthy of note in Italy was the introduction of a national regulator for determining tariffs based on the full-cost recovery principle, which is enhancing the perception of the business by investors present in the market and will serve as a stimulus for the creation of new PPP arrangements with Local and Regional Government.

In North Africa, sea water desalination and waste water purification constitute business opportunities in the countries in which Aqualia already has a presence. Noteworthy in Egypt is the award of a contract for the design, construction, operation and financing of the Abu Rawash waste treatment plant. Once completed, the plant will process 1.6 million m^3 of water per day and will serve 5.5 million people, making it one of the largest of its kind in the world.

In Saudi Arabia the SWCC (the body responsible for water production in the Kingdom) will implement a new desalination plan and the NWC (the body responsible for the distribution of drinking water to the most important cities) will complete certain of the concession arrangements that it has been designing for some years now. Oman will continue to implement its desalination plan through PPP arrangements and in the US O&M services contracts are expected to be launched which, based on the experience gained in Saudi Arabia and Abu Dhabi, represent good business opportunities.

In India regional governments have made improving water supply and purification a priority objective, giving an important boost to infrastructure construction and operation contracts that guarantee uninterrupted supply. FCC Aqualia, in conjunction with a major local partner, has already achieved two contracts of this type.

In North America, FCC Aqualia has opened a sales office in the US to act as a bridgehead for penetrating this market. Also, it is planned to consolidate operations in the Mexican market where the Group already has a significant volume of business.

Lastly, in Central and South America FCC Aqualia's growth prospects have increased significantly following the sale by FCC of its ownership interest in Proactiva, an investee of the French operator Veolia. At short term, Colombia, Peru, Chile and Brazil are the countries in which the best opportunities are going to arise, although there are also certain infrastructure programmes in place in Paraguay and Panama that are being monitored with interest.

In the **Construction** Area, although the Spanish market is showing signs of recovery, significant growth in the volume of public tenders is not foreseen in the short term. However, the international infrastructure market, stemming mainly from emerging countries with successful economies, presents an opportunity for the FCC Construcción Group.

The FCC Construcción Group is focusing on better management, thus contributing positive results to the statement of profit or loss and cash flow generation.

One objective of the Group in 2016 will be the quest for growth, mainly through the international market, based on adequate risk management that will make it possible to pursue a selective project policy, thus guaranteeing clear possibilities of increasing profitability.

Taking into account the foregoing, it is estimated that revenue in Spain in 2016 will not grow with respect to 2015, due mainly to budgetary restrictions in the public sector.

However, revenue from abroad in 2016 is expected to exceed that earned in 2015, thanks to the performance of large infrastructure construction projects initiated in 2014 and 2015 and to the endeavours being made to open new markets enabling the Group to operate in, as principal areas, the Americas (Central America, Chile, Peru, Colombia and the US), the Middle East (Saudi Arabia and Qatar) and Europe (the UK and Romania).

With respect to the **Cement** Area, it should be noted that the level of revenue is closely linked to the economic performance of the various countries in which the Company is established, which are mainly Spain, accounting for approximately 34% of total revenue, the US, 37% and Tunisia, 17%. Also, CPV exports to other countries such as Canada and the UK and to North Africa from those three countries.

In Spain, where most of the Cementos Portland Valderrivas Group's production facilities are located, the forecasts for 2016 of Oficemen (the Spanish Association of Cement Producers) are optimistic, with a 7% increase in cement consumption. 2016 is the second year since 2007 that growth forecasts have been positive. The industry saw an ongoing decline in activity until 2014, when the volume of business stabilised at the level of the preceding year, followed by the commencement of growth in 2015 (2011, -16.4%; 2012, -34%; 2013, -21%; 2014, +0.4%; 2015, +5.5%).

CPV's projections in relation to the evolution of the market are similar to those of Oficemen. Of the total number of tonnes produced by CPV in Spain, approximately 31% are earmarked mainly for export. This proportion is expected to remain the same in 2016, although cement exports are expected to fall and clinker exports are expected to rise. Also, the forecast is for prices to increase by 4.4% in the domestic market.

In the US, the estimates of the PCA (Portland Cement Association) indicate annual market growth of approximately 5.0%/5.7% for 2016-2017, which will be led by the residential sector, while civil engineering work will see more moderate increases due to the budgetary restrictions of US State Government. In view of this market trend, the outlook is bright in terms of revenue generation in this market in the coming years. The percentage of sales in tonnes for export in the US was approximately 4.5% in 2015 and is expected to remain practically unchanged in 2016.

The Tunisian market is expected to increase slightly by an estimated 3% in 2016. This market growth will be adversely affected by the presence of new installed production capacity in the market in 2014. Exports to other countries in North Africa are expected to increase slightly by 6%, thus leading to a rise in CPV's revenue in these countries with respect to 2015.

In this context, the Cementos Portland Valderrivas Group will continue to implement its policies to contain costs and restrict investments and adapt all organisational structures to the reality of the various markets in which it operates, in order to improve cash flow generation.

07. R&D+I Activities

In 2015 the FCC Group's R&D+i activities encompassed more than 60 projects.

Set forth below is a description of the activities of the various business Areas and of the main projects carried out in 2015.

Environmental services

In the Environmental Services Area, aside from continuing with the research work in various projects that commenced in previous years, other new projects have been performed, focusing mainly on specialised machinery to enhance operations in the urban cleaning business. The main projects are as follows:

- **VEMTESU.** Definition, design and development of an electric battery-run vehicle using ultracapacitors and with a self-supporting body and low cabin.
- **ELECTRIC GUTTER CLEANER.** Definition, design and development of a fully electric heavy truck for urban hydrodynamic cleaning services. This is a vehicle with permanent electric traction with no mechanical transmission.
- **ELECTRIC SWEEPER.** Development and manufacture of a prototype fully electric air sweeper equipped with a third brush.

As regards the projects initiated in prior years, work continued on the **ULTRACAPS TRUCK** project, which consists of the transformation of a CNG-powered side loading collector-compactor unit into another truck using an electrical traction system and basic energy storage using ultracapacitor technology.

Also, work was completed on the **ECO-EFFICIENT MANAGEMENT INDICATORS** project, consisting of establishing and implementing a system of benchmark indicators that enable the environmental efficiency of the FCC Group's environmental division's production processes to be assessed, in terms of optimisation of resources, reduction in GHGs and adaptation to climate change.

In addition, work continued on the **ADVANCED SOLUTION FOR THE GLOBAL MANAGEMENT OF ALL THE PROCESSES AND PLAYERS IN ENVIRONMENTAL CONTRACTS** project, which encompasses various objectives such as process improvement, swiftness of response vis à vis new business requirements, global access to more favourable functionalities, management of geo-referenced information, etc.

In the Industrial Waste Area, one of the emblematic research projects initiated in prior years was completed, namely the **CEMESMER** project, which was carried out with Portland and FCC CO.

The work in 2015 focused on the study of the reuse as a construction material of the waste treated at a pilot plant with a new range of high-yield cement products aimed at immobilising the mercury in waste. This work was carried out with the assistance of the Eduardo Torroja Institute for Construction Science.

The activities in strategic fields for the Industrial Waste Area include most notably the following:

- **GLASS.** As part of the strategic line of strengthening the reuse of materials found in waste, final finishing processes were studied and developed that are capable of generating, from selected recycled glass, a new by-product that can be used as a high valued added additive in the construction of countertops and other ceramic materials.
- **RECO2VAL PROJECT.** As part of this project, demonstration work was performed at the pilot plant for CO_2 reduction processes through the carbonatation of waste and mineral raw materials and subsequent recovery of carbonatation products.

End-to-end water management

FCC Aqualia's innovation activity was consolidated in 2015 with the addition of new projects to each of the three areas of development: Sustainability, Quality and Intelligent Management.

- **CIEN SMART GREEN GAS.** As part of the Centre for the Development of Industrial Technology (CDTI) National Business Research Partnerships (CIEN) programme, Aqualia is heading a consortium of six entities working towards the development of efficient biomethane network production and management infrastructure. FCC Aqualia's initial tasks are taking place in Jerez and Aranda del Duero and are aimed at controlling the quality of the biomethane.

- **BIOWAMET BESTF2.** In the European ERANET programme, the BWM project is being conducted with the collaboration of the Universities of Southampton and Delft with the aim of creating synergies with the LIFE MEMORY project on anaerobic membrane reactors making it possible to obtain bioenergy from waste water.
- **LIFE METHAMORPHOSIS.** Aqualia heads a consortium of six entities working to implement at the el Besós Eco-Park, managed by FCC, three recently-developed technologies: AnMBR, ELAN (autotrophic nitrogen removal) and a biogas washing system. The purpose of the project is to obtain biomethane that can be injected into the natural gas network or be used as vehicle fuel.
- **INNOVA E3N.** The project seeks energy-efficient nitrogen removal. As a continuation of the **IMPACTAR** project financed by the Cantabria Autonomous Community Government, the pilot installed in the Santander sewerage system will be optimised in order to test decentralised compact treatment plants.
- **LIFE ICIRBUS.** The Innovative Circular Businesses (Icirbus) project aims to demonstrate the reuse of treatment plant waste for construction materials and biofertilisers at two Aqualia plants in Extremadura. Led by the Intromac technology centre, it comprises eight companies with an EU-subsidised budget.

In 2015 work continued on another six multi-year research projects, which will continue into 2016.

In the Sustainability area, two projects are still in progress:

- **ALL-GAS** (bioenergy production through waste water purification). This project has entered the final large-scale demonstration phase and will permit the transformation of up to 5,000 m^3/d of municipal waste into biomethane for 35 vehicles.
- **RENOVAGAS** (Renewable Natural Gas Generation Process). Financed by the Spanish Ministry of Economy and Competitiveness. The aim is to develop a synthetic biogas-fuelled natural gas production plant that produces the gas through the methanisation of hydrogen obtained from renewable sources.

Three European projects are in progress in the Quality area:

- **LIFE MEMORY.** Demonstration at industrial prototype level of the technical and economic feasibility of an innovative technology, an Anaerobic Membrane Bioreactor, which makes it possible to convert the organic matter contained in waste water into biogas. Energy consumption and CO_2 emissions are reduced by up to 80%, with 25% less space required than a conventional aerobic WWTP and a reduction of around 50% in the volume of sludge produced.
- **LIFE BIOSOL** (Biosolar water reuse and energy recovery). Led by the French SME Heliopur, it demonstrates a new biological and solar waste water treatment concept to permit the reuse of water and the recovery of gases and organic waste. The first prototype installed in the Centa (Seville) facility was completed.
- **CIP CLEANWATER.** Led by the French SME Ceramhyd, it implements a new water disinfection technology for three uses: drinking water, desalination and reuse. The first device has been installed at the El Toyo WWTP in Almería and preparations are underway for two more pilot installations in Denia and Valdepeñas.

In the Intelligent Management area the **MOTREM** project was selected for the European Water JPI initiative. **MOTREM**, led by Universidad Rey Juan Carlos in Madrid, together with three other universities in Finland, Italy and Germany, contributes new technologies for the monitoring and treatment of emerging contaminants (ECs) in the current line of the municipal waste water treatment plants, with special emphasis on water reuse.

In 2015 the following five projects were completed: **IDEA REGENERA** (Andalusia Autonomous Community Government), **INNPACTO DOWNSTREAM** (Spanish Ministry of Economy and Competitiveness), **INNOVA INPACTAR** (Cantabria Autonomous Community Government), **LIFE REMEMBRANE** (EU) and **URBAN WATER** (EU FP), yielding the following results:

- **REGENERA.** Co-financed by the Andalusian agency IDEA, this consortium developed a new way of obtaining value from algae biomass in the form of biofertilisers.
- **DOWNSTREAM.** Co-financed by the Spanish Ministry of Economy and Competitiveness and with the support of Universidad de Cádiz, ITC (Canary Islands) and Tecnalia, this project has improved the separation, processing and use of algae biomass as a source of energy.

- **INPACTAR.** Co-financed by the Cantabria Autonomous Community Government's Innova programme, together with Universidad de Cantabria in Santander, a new compact technology was scaled to permit the reuse of water in small urban centres.
- **REMEMBRANE.** This project, subsidised by the EU Life programme, demonstrated a new way of recovering reverse osmosis membrane modules in desalination. In conjunction with Leitat, Tecnoma, Ambicat and Agencia de Residuos Catalana, pilot plants were built in Denia and Talavera, and the reuse of reconditioned modules from the Ibiza desalination plant in the La Solana (Ciudad Real) drinking water treatment plant was demonstrated. Other applications for the methodology developed and its commercial use are being studied.
- **URBANWATER.** As part of the ICT (Information and Communication Technology) cluster of the European FP 7 framework programme, Aqualia was invited to coordinate the project in which twelve partners from eight countries participated. A platform of electronic applications for monitoring water distribution networks was built and implemented in Aqualia's operations in Almería and Janovice (Czech Republic).

During the year, the FCC Aqualia team of researchers obtained three new patents for two key aspects of algae cultures, the configuration of the reactor (LEAR: Low Energy Algae Reactor) and the CO_2 enriching system in order to reduce the energy consumption of the operation.

In addition, the results of the related research were presented at major scientific congresses and events.

Construction

FCC Construcción fosters an active policy of technological development, while permanently applying innovation to its construction projects, with a firm commitment to research and development, sustainability and the contribution to quality of life in Society as competitiveness factors. This innovation policy is coordinated with the other business areas of the FCC Group.

The development and use of innovative technologies to carry out construction projects contribute significant value added and are differentiating factors in the current market, which is highly competitive and internationalised.

The projects developed by FCC Construcción and its investees are of three types: internal projects, projects with other FCC Group companies and projects carried out in conjunction with other companies in the industry or other related industries, frequently with technology-driven SMEs, which makes it possible to perform open innovation projects with a participation in the value chain and, occasionally, on a horizontal cooperation basis. Also, the presence of universities and technological institutes is fundamental in practically all the projects.

Some of the projects are carried out in consortia with Public Authorities, such as the European LIFE "**ZERO RESIDUES**" Project, the main aim of which is to design measures for protecting birdlife using anti-collision screens on high-speed train lines with the participation of the Spanish Railway Infrastructure Manager Adif.

2015 saw the approval of a new Spanish Ministry of Economy and Competitiveness CDTI (Centre for the Development of Industrial Technology) project, the **DANAE** project, the aim of which is to develop a new system for the automated intelligent regulation of the installation of adaptive lighting in tunnels, led by Empresa Mantenimiento de Infraestructuras, S.A.

FCC Construcción carries out both Spanish and international R&D+i projects.

In Europe, as part of the H2020 programme, the following projects have been approved:

- **IN2RAIL** (Innovative Intelligent Rail). Led by Network Rail, the aim of this project is to set the foundations for a resilient, consistent, cost-efficient, high capacity and digitised European railway network. Innovative technologies will be studied for a global approach that covers an intelligent infrastructure, intelligent mobility management (I2M), new power sources for railways and energy management. The results of this project will contribute to the Shift2rail initiative, a PPP dedicated to railways and falling within the Horizon 2020 programme, the objective of which is to make progress towards the introduction of the single European railway area.
- **NANOFASE** (Nanomaterial Fate and Speciation in the Environment). The objective of this project is to determine the fate of nanomaterials in the environment.

The following Spanish projects carried out in 2015 are worthy of mention:

- **DOVICAIM.** This project is being carried out in conjunction with Instituto de Hidráulica Ambiental "IH Cantabria", and is aimed at developing an integrated methodology and the tools required to support the complete life cycle of the construction of vertical docks using prefabricated blocks in a floating dock, including design, optimisation, construction, installation and operation. The project is focused directly on the clear strategic priority of ensuring the international development of FCC Construcción.
- **SORT-i.** Stemming from the Retos-Colaboración tender process, its main objective is the development of tools based on optical systems and new technologies for the identification, monitoring and management of structural risks of buildings and infrastructure in an intelligent, automatic and telemetric manner, as a means to maximise safety and minimise the risks of physical damage in high-potential situations of structural collapse.
- **SETH.** This relates to the development of a comprehensive structural monitoring system for buildings based on holistic technologies.
- **BOVETRANS.** The aim of this project, which was completed in 2015, was to develop a system of light transition vaults in road tunnels that will take advantage of sunlight, a project in cooperation with the Murcia Demarcation of State Roads, monitored in particular by the Spanish Directorate General of Roads.
- **APANTALLA.** On new nanostructured materials with improved electromagnetic radiation shielding properties.
- **SEA MIRENP.** Completed in 2015 and based on marketable eco-efficient by-products yielded by integrating recycled materials at ports, the objective of which is to conduct research on the application of construction and demolition waste at port construction projects.
- **SEIRCO.** This project, which stemmed from the Innterconecta tender process for Galicia and which entailed the development of an intelligent expert system for risk assessment in various areas of the construction industry, was completed in 2015.
- **SPIA.** This project, which was completed in 2015, consisted of the development of new high-visibility signage systems in order to create a self-contained personal lighting system.
- **CEMESMER.** This project was carried out in conjunction with the Cementos Portland Valderrivas Group and was completed in 2015. A new range of cements was developed for immobilising mercury, thereby achieving a technological breakthrough in treatment processes for mercury-contaminated waste, for its potential recovery for reuse as a construction material.
- **MERLIN.** Based on the development of better local refurbishment of infrastructure, this project was carried out in cooperation with the Cementos Portland Valderrivas Group.

The European projects include most notably the following:

- **BUILDSMART** (Energy Efficient Solutions Ready for the Market). The purpose of this project is to demonstrate that it is possible to construct buildings with very low energy consumption in an innovative and profitable way. The project includes the design, construction and monitoring of new residential and non-residential buildings in Sweden, Ireland and Spain.
- **SMARTBLIND** (Development of an active film for smart windows with inkjet method). Based on research into a smart window using an active film applied using the inkjet method and the development of an autonomous smart device.
- **ZERO RESIDUES.** The objective of this project is to develop an anti-collision screen for birdlife based on the concept of equally-spaced tubular screens.
- **CETIEB.** The main objective of this project is to develop innovative solutions for better environmental quality monitoring inside buildings.
- **ASPHALTGEN** (Serviá Cantó, S.A. project). A project based on research into new asphalt aggregate paving with self-generating features based on technology consisting of ionic liquids encapsulated in inorganic materials.
- **GUIDENANO** Serviá Cantó, S.A. project). Based on the development of innovative methodologies to evaluate and manage human and environmental health risks of nano-enabled products, considering the whole product life cycle.

In addition to the two new projects, **IN2RAIL** and **NANOFASE** approved in 2015, FCC Construcción is participating as a partner in the European Eco-innovation Project **REWASTEE**, aimed at the industrial validation, market deployment and replication of a developed technology for recycling steelmaking wastes and manufacturing multifunctional building products.

FCC Construcción is participating in numerous European and Spanish R&D+i associations with the shared objective of articulating the role of the company as a driving force behind research, development and technological innovation in the Construction Area, pursuant to the approach taken in the EU's current H2020 programme.

Cementos Portland Valderrivas

The Cementos Portland Valderrivas Group's commitment to society takes the form of innovation in products, processes and technologies inherent to the materials it processes and manufactures.

Its innovation is designed strategically on the basis of three main axes:

- Product innovation. Leading to high-durability and high-mechanical performance cements.
- Sustainable construction. To obtain eco-efficient materials with a reduced carbon footprint.
- Construction solutions. Based on integral customer service.

The activities carried out in 2015 included the continuation of the work performed in 2014 on the R&D projects approved in the various innovation tender processes such as INNPACTO (**NANOMICROCEMENTO, CEMESMER, HD_BALLAST**), of the Spanish Ministry of Economy and Competitiveness, and INNTERCONECTA **(MAVIT)** and INNPRONTA (IISIS) of the CDTI.

The aforementioned projects yielded excellent results:

- **NANOMICROCEMENTO.** New nanomicrocement manufacturing technology.
- **CEMESMER.** Cement with high mercury and other heavy metal stabilising capacity.
- **IISIS.** New high-performance concretes aimed at rapid construction of artificial islands in a marine environment.
- **MAVIT.** New additives for low-CO_2 cements obtained in the framework of greater process efficiency.
- **BALLAST_HD.** Development of a new artificial heavy ballast for use on high-speed railway tracks to minimise vibration.

In parallel, work continued on the MERLIN project, aimed at improving the installation in construction projects of concrete paving and asphalt renovation, with lower energy consumption over the product life cycle.

In 2015 new challenges were tackled such as the emergence of other lines of research at the R&D laboratories of the Cement Area, relating mainly to cement quality or the improvement of its applications, through studies of durability performance in reinforced concrete structures, without overlooking the broadening of the range of special products offered.

Dissemination of the results led to the Group's participation in various international cement industry congresses.

All the initiatives carried out contribute to strengthening the image of the Cement Area, especially with the synergies established with a large number of potential users and external companies, technical research institutes, universities and government-controlled public sector bodies, positioning the Cementos Portland Valderrivas Group as a benchmark in R&D+i in the development and application of cementitious materials in the industry.

08. Acquisition and Disposal of Treasury Shares

The FCC Group does not perform any transactions involving treasury shares other than those included in the framework agreement of the CNMV on Liquidity Contracts, which aims to provide the share price with liquidity and depth, in accordance with current legislation. The Liquidity Contract was suspended on 18 December 2015.

It is estimated that the treasury share Liquidity Contract will not have any impact on the returns obtained by shareholders, since the nature and purpose of the Contract are contrary to the existence thereof, or on the earnings per share of the FCC Group.

At 31 December 2015, the FCC Group held directly and indirectly a total of 415,500 Company shares, representing only 0.159% of the share capital.

09. Other Relevant Information. Stock Market Performance and Other Information

9.1 Stock Market Performance

Following is a detail of FCC's share performance in 2015 compared to 2014.

	Jan. – Dec. 2015	Jan. – Dec. 2014
Closing price (EUR)	7.00	11.75
Change	(40.4%)	(0.8%)
High (EUR)	11.89	15.49
Low (EUR)	5.56	9.54
Average daily trading volume (no. of shares)	1,907,102	1,331,501
Effective daily volume traded (millions of euros)	17.8	20.4
Market capitalisation at year-end (millions of euros)	1,824	3,062
No. of shares outstanding at year-end	260,572,379	260,572,379

9.2 Dividends

In accordance with the principle of prudent management and in the best interest of all the Company's shareholders, in December 2012 FCC's Board of Directors resolved not to pay any dividends. This resolution remained unchanged in 2015.

This decision, included within the framework of the restructuring in progress since 2013, the purpose of which is to enhance operating efficiency and strengthen the balance sheet, must be ratified by the shareholders at the Annual General Meeting to be held in the first half of 2016.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 35). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fomento de Construcciones y Contratas, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Fomento de Construcciones y Contratas, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Fomento de Construcciones y Contratas, S.A. and Subsidiaries as at 31 December 2015, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Emphasis of Matter

We draw attention to Note 21 of the accompanying consolidated financial statements, which indicates that the Group of which the subsidiary Cementos Portland Valderrivas, S.A. is the parent is currently in the process of refinancing certain financial liabilities amounting to EUR 824 million which mature on 31 July 2016 and which are classified in current liabilities in the accompanying consolidated balance sheet as at 31 December 2015. In this context, the directors of the Cementos Portland Valderrivas Group are evaluating various alternatives for restructuring the syndicated financing that, together with initiatives announced by its majority shareholder Fomento de Construcciones y Contratas, S.A. in relation to the contribution of additional financing (see Notes 18 and 34), would make it possible to successfully complete the debt restructuring process and to adapt the debt servicing and the cash requirements to the Cementos Portland Valderrivas Group's cash flow generation expectations. The current uncertainty concerning the application of the going concern principle of accounting at the Cementos Portland Valderrivas Group generates doubt as to the recoverability of the net investment and the goodwill relating to that Group, the consolidated carrying amount of which amounts to EUR 673 million.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains the explanations which the Parent's directors consider appropriate about the situation of Fomento de Construcciones y Contratas, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Fomento de Construcciones y Contratas, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Javier Parada Pardo
25 February 2016



Financial Statements

Fomento de Construcciones y Contratas, S.A.

Water treatment plant in San Javier (Aqueduct II), Queretaro (Mexico).

Balance Sheet

Statements of Profit or Loss

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Directors' Report

Balance Sheet

Fomento de Construcciones y Contratas, S.A. as at 31 December 2015 (in thousands of euros)

ASSETS	31/12/2015		31/12/2014	
Non-current assets		**4,527,606**		**4,503,255**
Intangible assets (Notes 5 and 8)		**108,498**		**111,557**
Property plant and equipment (Note 6)		347,208		355,726
Land and buildings	47,577		70,762	
Other items of property, plant and equipment	299,631		284,964	
Non-current investments in Group companies and associates (Notes 10 and 23-b)		**3,809,966**		**3,745,254**
Equity instruments	2,480,686		2,411,364	
Loans to companies	1,229,280		1,133,890	
Other financial assets	100,000		200,000	
Non-current financial investments (Note 9-a)		**66,138**		**64,608**
Deferred tax assets (Note 20)		**168,619**		**195,212**
Non-current trade receivables (Note 8)		**27,177**		**30,898**
Current assets		**1,210,627**		**1,665,269**
Non-current assets classified as held for sale (Note 11)		**220,000**		**225,000**
Inventories		**21,900**		**28,392**
Trade and other receivables		**592,409**		**511,075**
Trade receivables for sales and services (Note 12)	443,756		410,403	
Trade receivables from Group companies and associates (Note 23-b)	100,152		69,852	
Tax receivables (Note 20)	33,740		17,755	
Other receivables	14,761		13,065	
Current investments in Group companies and associates (Notes 10-b and 23-b)		**221,812**		**494,374**
Current financial investments (Note 9-b)		**8,060**		**14,191**
Cash and cash equivalents		**146,446**		**392,237**
TOTAL ASSETS		**5,738,233**		**6,168,524**

The accompanying Notes 1 to 27 and Appendices I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2015.

Balance Sheet. Fomento de Construcciones y Contratas, S.A. as at 31 December 2015 (in thousands of euros)

EQUITY AND LIABILITIES	31/12/2015		31/12/2014	
Equity (Note 14)		**210,682**		**245,961**
Shareholders' equity		**201,295**		**238,224**
Share capital		**260,572**		**260,572**
Registered share capital	260,572		260,572	
Share Premium		**1,083,882**		**1,083,882**
Reserves		**920,181**		**922,199**
Treasury shares		**(5,503)**		**(5,278)**
Prior years' losses		**(2,058,727)**		**(1,152,254)**
Profit (Loss) for the year		**(34,686)**		**(906,473)**
Other equity instruments		**35,576**		**35,576**
Valuation adjustments		**8,017**		**6,118**
Grants, donations and legacies received		**1,370**		**1,619**
Non-current liabilities		**4,541,927**		**4,840,464**
Long-term provisions (Note 16)		**312,815**		**308,138**
Non-current payables (Note 17)		**4,059,158**		**4,172,621**
Debt instruments and other marketable securities	446,523		445,975	
Bank borrowings	3,585,225		3,709,348	
Other financial liabilities	27,410		17,298	
Non-current payables to Group companies and associates (Note 10-d)		**110,308**		**200,774**
Deferred tax liabilities (Note 20)		**52,715**		**66,316**
Non-current trade and other payables (Note 18)		**6,931**		**92,615**
Current liabilities		**985,624**		**1,082,099**
Short-term provisions (Note 16)		**9,522**		**35,100**
Current payables (Note 17)		**286,655**		**96,733**
Debt instruments and other marketable securities	4,873		4,873	
Bank borrowings	209,140		43,778	
Other financial liabilities	72,642		48,082	
Current payables to Group companies and associates (Notes 10-e and 23-b)		**379,630**		**549,903**
Trade and other payables		**309,817**		**400,363**
Payable to suppliers	77,899		87,738	
Payable to suppliers - Group companies and associates (Note 23-b)	15,758		19,385	
Other accounts payable to public authorities (Notes 18 and 20)	109,857		159,165	
Other payables (Note 12)	106,303		134,075	
TOTAL EQUITY AND LIABILITIES		**5,738,233**		**6,168,524**

The accompanying Notes 1 to 27 and Appendices I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2015.

Statements of Profit or Loss

Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2015 (in thousands of euros)

	31/12/2015	31/12/2014
Continuing operations		
Revenue (Note 22)	**1,342,924**	**1,386,681**
Sales and services	1,195,304	1,256,101
Revenue from investments in Group companies and associates (Notes 22 and 23-a)	74,966	22,159
Financial revenue from marketable securities and other financial instruments of Group companies and associates (Notes 10, 22 and 23-a)	72,654	108,421
Procurements	**(168,929)**	**(178,046)**
Other operating income	**88,836**	**77,769**
Staff costs (Note 22)	**(752,676)**	**(783,459)**
Other operating expenses	**(189,328)**	**(191,807)**
Depreciation and amortisation charge and allocation to profit or loss of grants (Notes 5, 6 and 14.g)	**(76,377)**	**(76,222)**
Excessive provisions (Note16)	**5,499**	**8,616**
Impairment and gains or losses on disposals of non-current assets and other gains or losses (Note 22)	**4,615**	**(67,083)**
Profit (loss) from operations	**254,564**	**176,449**
Finance income (Note 22)	**3,890**	**136,529**
Finance costs	**(204,590)**	**(321,614)**
On debts to Group companies and associates (Note 23-a)	(4,756)	(16,434)
On debts to third parties	(199,029)	(296,752)
Interest cost relating to provisions	(805)	(8,428)
Changes in fair value of financial instruments (Note 13)	**2,014**	**9,370**
Exchange rate differences (Note 22)	**11,460**	**7,841**
Impairment and gains or losses on disposals of financial instruments (Notes 10 and 11)	**(90,949)**	**(904,528)**
Financial profit (loss)	**(278,175)**	**(1,072,402)**
Profit (loss) before tax	**(23,611)**	**(895,953)**
Income tax (note 20)	**(11,075)**	**(10,520)**
Profit (loss) for the year from continuing operations	**(34,686)**	**(906,473)**
Profit (loss) for the year	**(34,686)**	**(906,473)**

The accompanying Notes 1 to 27 and Appendices I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2015.

Statement of Changes in Equity

Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2015

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE (in thousands of euros)

	31/12/2015	31/12/2014
Profit (Loss) per statement of profit or loss	**(34,686)**	**(906,473)**
Income and expense recognised directly in equity		
Arising from available-for-sale financial assets	1,690	—
Arising from cash flow hedges	299	(1,574)
Grants, donations and legacies received	—	237
Tax effect	(90)	472
Income and expense recognised directly in equity	**1,899**	**(865)**
Transfers to profit or loss		
Arising from cash flow hedges	—	5,014
Grants, donations and legacies received	(308)	(261)
Tax effect	59	(1,506)
Total transfers to the statement of profit or loss	**(249)**	**3,247**
TOTAL RECOGNISED INCOME AND EXPENSE	**(33,036)**	**(904,091)**

B) STATEMENT OF CHANGES IN TOTAL EQUITY (in thousands of euros)

	Share capital (Note 14-a)	Share Premium (Note 14-b)	Reserves (Note 14-c)	Treasury Shares (Note 14-d)	Prior years' losses	Profit (loss) for the year	Other equity instruments (Note 14-e)	Valuation adjustments (Notes 13 and 14-f)	Grants (Note 14-g)	Equity
Equity at 31 December 2013	**127,303**	**242,133**	**922,194**	**(6,103)**	**(715,759)**	**(436,494)**	**35,914**	**3,825**	**1,529**	**174, 542**
Total recognised income and expense						**(906,473)**		**2,293**	**89**	**(904,091)**
Transactions with shareholders and owners	**133,269**	**841,749**	**5**	**825**						**975,848**
Capital increases	133,269	841,749								975,018
Treasury share transactions (net)			5	825						830
Other changes in equity					**(436,494)**	**436,494**	**(338)**			**(338)**
Equity at 31 December 2014	**260,572**	**1,083,882**	**922,199**	**(5,278)**	**(1,152,254)**	**(906,473)**	**35,576**	**6,118**	**1,619**	**245,961**
Total recognised income and expense						**(34,686)**		**1,899**	**(249)**	**(33,036)**
Transactions with shareholders and owners			**(2,018)**	**(225)**						**(2,243)**
Treasury share transactions (net)			(2,018)	(225)						(2,243)
Other changes in equity					**(906,473)**	**906,473**				
Equity at 31 December 2015	**260,572**	**1,083,882**	**920,181**	**(5,503)**	**(2,058,727)**	**(34,686)**	**35,576**	**8,017**	**1,370**	**210,682**

The accompanying Notes 1 to 27 and Appendices I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2015. In particular, Note 14, “Equity” explains this statement.

Statement of Cash Flows

Fomento de Construcciones y Contratas, S.A. for the year ended 31 december 2015 (in thousands of euros)

	31/12/2015		31/12/2014	
Profit (Loss) for the year before tax		**(23,611)**		**(895,953)**
Adjustments to profit (loss)		**203,592**		**1,070,355**
Depreciation and amortisation charge (Notes 5 and 6)	76,685		76,483	
Impairment losses (Note 10)	89,442		893,523	
Changes in provisions (Note 16)	(3,280)		62,959	
Gains on derecognition and disposal of financial instruments (Note 10-a)	1,082		—	
Finance income (Note 22)	(151,510)		(267,109)	
Finance costs	204,589		321,616	
Other adjustments	(13,416)		(17,117)	
Changes in working capital		**(195,184)**		**(38,079)**
Trade and other receivables	(47,575)		(3,268)	
Trade and other payables	(145,811)		(37,162)	
Other current assets and liabilities	(1,798)		2,351	
Other cash flows from operating activities		**(7,216)**		**(225,596)**
Interest paid	(109,955)		(205,053)	
Interest and dividends received	117,125		98,931	
Income tax recovered/(paid) (Note 20)	(11,138)		(116,251)	
Other amounts received (paid)	(3,248)		(3,223)	
Total cash flows from operating activities		**(22,419)**		**(89,273)**
Payments due to investments		**(258,635)**		**(405,339)**
Group companies and associates (Note 10)	(188,810)		(317,039)	
Intangible assets and property, plant and equipment (Notes 5 and 6)	(65,972)		(70,523)	
Other financial assets	(3,853)		(17,777)	
Proceeds from disposals		**312,075**		**70,211**
Group companies and associates (Note 10)	268,405		2,356	
Intangible assets and property, plant and equipment (Notes 5 and 6)	31,042		5,928	
Non-current assets classified as held for sale (Note 11)	4,750		49,000	
Other financial assets	7,878		12,927	
Total cash flows from investing activities		**53,440**		**(335,128)**

Statement of Cash Flows

Fomento de Construcciones y Contratas, S.A. for the year ended 31 december 2015 (in thousands of euros)

	31/12/2015		31/12/2014	
Proceeds and payments relating to equity instruments		**(19,378)**		**996,423**
Proceeds from issue of equity instruments (Note 14-a)	—		975,018	
Disposal of treasury shares	177,202		141,805	
Purchase of treasury shares	(179,445)		(140,974)	
Other proceeds and/or payments relating to equity instruments	(17,135)		20,574	
Proceeds and payments relating to financial liability instruments (Note 17)		**(257,434)**		**(346,609)**
Proceeds from issue of:				
Bank borrowings	8,658		276,455	
Borrowings from Group companies and associates	63,694		154,101	
Other payables	12,546		32,040	
Repayment and redemption of:				
Debt instruments and other marketable securities	—		(4,398)	
Bank borrowings (Note 17)	(75,678)		(772,780)	
Borrowings from Group companies and associates	(266,620)		—	
Other payables	(34)		(32,027)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		(276,812)		649,814
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(245,791)		225,413
Cash and cash equivalents at beginning of year		**392,237**		**166,824**
Cash and cash equivalents at end of year		**146,446**		**392,237**

The accompanying Notes 1 to 27 and Appendices I to III are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2015.

Notes to the Financial Statements

Fomento de Construcciones y Contratas, S.A. as at 31 December 2015 (in thousands of euros)

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01. Company Activities

Fomento de Construcciones y Contratas, S.A. is a company incorporated in Spain in accordance with the Spanish Limited Liability Companies Law, the core business of which is to provide Environmental Services, which include the collection and treatment of solid waste and the cleaning of public streets and sewer systems, and Integral Water Management, which includes water treatment and distribution and other complementary services. The Company's registered office is at c/ Balmes, 36 (Barcelona) and it carries on its activities basically in Spain.

Fomento de Construcciones y Contratas, S.A. is in turn Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that carry on various business activities grouped together in the following areas:

- Environmental Services. Services related to urban water treatment, treatment of industrial waste and waste-to-energy (waste recovery).
- Integral Water Management. Services related to the integral water cycle: collection, treatment and distribution of water for human consumption; wastewater collection, filtering and treatment; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural and other services.
- Construction. This area specialises in infrastructure construction projects, building construction and related activities, such as motorways, dual carriageways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc.
- Cement. This area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete

As part of the process initiated in prior years by the FCC Group to sell its non-core assets, on 23 October a purchase and sale agreement was entered into for the shares of Globalvía held by the Company with the creditor banks under the convertible loan facility entered into by the Company with OPTrust Infrastructure I S.a.r.l., PGGM Infrastructure Fund 2010, PGMM Infrastructure Fund 2012 and USS Nero Limited, as these companies had exercised their pre-emption right (see Note 11). At 31 December 2015, the conditions precedent relating to the authorisation by the competition bodies and the consent to the transaction by Globalvía's counterparties in certain agreements and concessions had not yet been fulfilled, as the deadline had been set at 23 April 2016 with the possibility of extending it until July 2015 in certain circumstances. At the date of authorisation for issue of these financial statements these conditions precedent had been fulfilled and the transaction was expected to be closed in March 2016.

02. Basis of Presentation of the Financial Statements

The financial statements, which were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it has interests, were prepared in accordance with the Spanish Commercial Code, Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law, amended by Law 31/2014, of 3 December, and Royal Decree 1514/2007 which introduced the Spanish National Chart of Accounts. Also included were all the accounting principles and rules contained in the legislative amendments established by Royal Decree 1159/2010, of 17 September, on industry plans, including Order EHA/3362/2010 implementing the Spanish National Chart of Accounts adapted for public infrastructure concession operators, and the applicable mandatory rules, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) and, accordingly, they present fairly the Company's equity, financial position, results and cash flows for 2015. It should be noted in particular that, as a result of the publication in 2009 by the ICAC of a request for a ruling regarding the presentation for accounting purposes of the income of holding companies, "Revenue from Investments in Group Companies and Associates" and "Finance Income - From Marketable Securities and Other Financial Instruments - Group Companies and Associates" were classified as "Revenue" in the accompanying statement of profit or loss.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2014 were approved by the shareholders at the Annual General Meeting held on 25 June 2015.

The financial statements are expressed in thousands of euros.

Unincorporated temporary joint ventures and similar entities

The balance sheets, statements of profit or loss, statements of changes in equity and statements of cash flows of the unincorporated temporary joint ventures in which the Company has interests were proportionately consolidated on the basis of the Company's percentage of ownership of each joint venture.

The joint ventures were included by making the required timing and measurement uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. Any material amounts relating to the joint ventures are detailed in these notes to the financial statements.

The accompanying balance sheet and statement of profit or loss include the related items in proportion to the percentages of ownership of the joint ventures, the detail being as follows:

	2015	2014
Revenue	213,632	205,454
Profit from operations	24,246	19,869
Non-current assets	125,130	126,633
Current assets	233,695	252,957
Non-current liabilities	46,059	52,184
Current liabilities	279,918	299,384

Appendix II lists the joint ventures and indicates the percentage share of their results.

Grouping of items

Certain line items in the balance sheet, statement of profit or loss and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

Consolidated financial statements

Since Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, its Directors are obliged under current legislation to prepare consolidated financial statements separately. The aforementioned consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as well as all the provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2015, which were prepared by the Directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A. prepared in conformity with International Financial Reporting Standards (IFRSs) present total assets of EUR 12,862 million (31 December 2014: EUR 14,023 million) and equity attributable to the Company's shareholders of EUR 281 million (31 December 2014: EUR 272 million). In addition, consolidated sales amounted to EUR 6,476 million (31 December 2014: EUR 6,334 million). Lastly, the consolidated loss attributable to the Parent amounted to EUR 46 million (31 December 2014: a loss of EUR 724 million).

03. Distribution of Profit or Loss

The Directors of Fomento de Construcciones y Contratas, S.A. will submit for approval by the shareholders at the Annual General Meeting the allocation of the loss for 2015, amounting to EUR 34,686 thousand, to "Prior Years' Losses".

In addition, in 2014 the Company incurred a loss of EUR 906,473 thousand, which was also allocated to "Prior Years' Losses".

04. Accounting Policies

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2015, in accordance with the Spanish National Chart of Accounts, were as follows:

a) Intangible assets

The concession arrangements are recognised in accordance with Ministry of Economy and Finance Order EHA/3362/2010 approving the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators. In general, there are two clearly different phases:

- The first in which the concession operator provides construction or upgrade services which are recognised as intangible or financial assets in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts and the rules on the percentage of completion method contained in measurement standard 18, Sales, Income from Completed Work and Other Income of the rules for adapting the Spanish National Chart of Accounts for construction companies.
- And a second phase in which the concession operator provides a series of maintenance or operation services for the related infrastructure, which are recognised in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. In certain bifurcated arrangements, the operator and the grantor may share the demand risk, although this is practically non-existent at the Company.

For concessions classified as intangible assets, provisions for dismantling, removal and restoration and any work to upgrade the infrastructure or increase its capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the interest cost relating to the provisions are recognised in the statement of profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in the statement of profit or loss as the obligation is incurred.

In addition, the borrowing costs arising from the financing of the infrastructure incurred from the construction until the entry into service of the infrastructure are included in the initial recognition of the intangible asset. When the infrastructure is ready to come into operation, the aforementioned costs are capitalised if they meet the requirements under the related rules, provided that there is reasonable evidence that future revenue will enable the capitalised amount to be recovered.

These intangible assets are amortised on the basis of the demand for, or the use of, the infrastructure, taken to be the changes in and best estimates of the production units of each activity.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related finance income is recognised as revenue in the statement of profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under “Finance Costs” in the statement of profit or loss. As explained above, the income and expenses from the provision of maintenance and operation services are recognised in the statement of profit or loss in accordance with recognition and measurement standard 14, Income from Sales and Services, of the Spanish National Chart of Accounts.

Other intangible assets, concessions and software, among other items, are recognised at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. At 2015 year-end there were no indications that any of the Company's intangible assets had suffered an impairment loss. The Company does not own any assets with indefinite useful lives.

Computer software maintenance costs are recognised in the statement of profit or loss for the year in which they are incurred.

As a general rule, intangible assets are amortised on a straight-line basis over their years of useful life.

b) Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost if the Company has performed in-house work thereon and are subsequently reduced by the related accumulated depreciation and by any impairment losses. At 31 December 2015, there was no indication that any of the items of the Company's property, plant and equipment had suffered a significant impairment loss, since the recoverable amount of the assets is not lower than their carrying amount.

Property, plant and equipment upkeep and maintenance expenses are recognised in the statement of profit or loss for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Non-current assets that necessarily take a period of more than twelve months to get ready for their intended use include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other funds borrowed specifically or generally directly attributable to the acquisition or production of the assets.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs).

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Years of estimated useful life
Buildings and other structures	25 – 50
Plant and machinery	5 – 15
Other fixtures, tools and furniture	8 – 12
Other items of property, plant and equipment	4 – 10

However, certain contracts have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the contract term.

c) Impairment of intangible assets and property, plant and equipment

Whenever there are indications of impairment of assets with a finite useful life (i.e. all the Company's intangible assets and property, plant and equipment), the Company tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, and to discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the value that would have been determined had no impairment loss been recognised for in prior years. The reversal of the impairment loss is recognised as income in the statement of profit or loss.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

d.1) Finance leases

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the statement of profit or loss for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

On expiry of the leases, the Company exercises the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

The assets recognised for transactions of this nature are depreciated on the basis of their nature and useful lives using criteria similar to those applied to items of property, plant and equipment taken as a whole.

There are no finance leases in which the Company acts as lessor.

d.2) Operating leases

When the Company acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

When the Company acts as the lessor, lease income and expenses from operating leases are recognised in income on an accrual basis. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the investments arising from the lease agreements directly attributable to the lease, which are recognised as an expense over the term of such agreements, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.
- Held-for-trading financial assets: assets acquired with the intention of selling them in the near term and assets that form part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking. This category also includes financial derivatives that are not financial guarantees and that have not been designated as hedging instruments.



– Other financial assets at fair value through profit or loss: this category includes the financial assets thus designated by the Company upon initial recognition, because either their designation as such eliminates or significantly reduces accounting mismatches or those assets form part of a group whose performance is evaluated by Company management on a fair value basis, in accordance with an established and documented strategy.

– Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other investors.

– Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

These financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs, except for held-for-trading assets and investments i n Group companies affording control, the costs of which are recognised directly in the statement of profit or loss.

Subsequent measurement

– Loans and receivables and held-to-maturity investments are measured at amortised cost.

– Held-for-trading financial assets and those classified as at fair value through profit or loss are measured at fair value and the gains and losses arising from changes in fair value are recognised in the statement of profit or loss for the year.

– Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity (consolidated, as the case may be) of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).

– Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the statement of profit or loss for the year, or if it is determined that it has become impaired, once the pre-existing gains in equity have been derecognised, they are taken to the statement of profit or loss.

At least at each reporting date the Company makes valuation adjustments to financial assets not measured at fair value through profit or loss where there is objective evidence of impairment if the value is lower than the carrying amount, in which case the impairment loss is recognised in the statement of profit or loss. In particular, the Company calculates valuation adjustments relating to trade and other receivables by taking into account the specific insolvency risk of each account receivable.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, "factoring" of trade receivables in which the Company does not retain any credit or interest rate risk, provide any kind of guarantee or assume any other kind of risk. These transactions bear interest at market rates and the factor assumes the risk of insolvency and late payment of the debtor. Fomento de Construcciones y Contratas, S.A. continues to manage collection.

e.2) Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are recognised initially at the fair value of the consideration received. These liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the statement of profit or loss using the effective interest method and are added to the amount of the financial instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

e.3) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and the securities issued are recognised in equity at the proceeds received, after deducting issue costs net of taxes.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in the statement of profit or loss.

e.4) Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in interest rates and the market prices of certain financial instruments. The Company arranges hedging financial instruments in this connection (see Note 13).

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

The Company uses cash flow hedges. In hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the statement of profit or loss in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit or loss for the year.

Although certain derivatives are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the Company have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the risk of the instrument to be offset by changes in the fair value or in the cash flows of the hedging instrument. When this does not occur, the changes in fair value of the instruments not classified as hedges are recognised in the statement of profit or loss.

The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Company and the entities financing it.

f) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the statement of profit or loss when the net realisable value of the inventories is lower than acquisition or production cost.

g) Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be “foreign currency transactions” and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the statement of profit or loss in the year in which they arise.

h) Income tax

The income tax expense is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. Based on the legislation applicable to the Company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year's accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge. Also, the adjustment of the deferred tax assets and liabilities due to changes in the tax rate in force are similarly recognised as an income tax expense.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Company recognises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery or those which are expected to be recovered in a period exceeding ten years.

i) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

The Company recognises each year as the period result on its contracts the difference between period production (measured at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Unbilled Production" under "Trade Receivables for Sales and Services". Pre-billings for various items are recognised under “Current Liabilities – Trade and Other Payables – Customer Advances”.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions.

j) Provisions and contingencies

The Company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events which the Company considers will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the statement of profit or loss.

Provisions for dismantling, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on income arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

It should be noted that contingent liabilities due to possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control, are not recognised in the financial statements as the probability that such obligation will have to be settled is remote.

k) Environmental assets and liabilities

As indicated in Note 1, the Company engages mainly in Environmental Services and Integral Water Management activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof upon completion of its operations. Also, the Company has non-current assets for the protection of the environment and bears any costs required for this purpose in the performance of its business activities.

The acquisition costs of these non-current assets used in environmental conservation are recognised under “Property, Plant and Equipment” or “Intangible Assets” based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets or on the basis of the demand for or the use of the infrastructure in the service concession arrangements. Also, in accordance with current accounting legislation, the Company recognises the expenses and provisions arising from its environmental obligations.

The Company’s environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by it.

Company management considers that the possible contingencies relating to environmental protection and improvement at 31 December 2015 would not have a significant impact on the accompanying financial statements, which include provisions to cover any probable environmental risks that might arise.

l) Pension obligations

The Company has not established any pension plans to supplement the social security pension benefits. In accordance with the Consolidated Pension Plan and Fund Law, in specific cases where similar obligations exist, the Company externalises its obligations to its employees in this connection.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, certain Executive Directors and Executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- Unilateral decision of the Company.
- Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- Death or permanent disability.
- Other causes of physical or legal incapacity.
- Substantial change in professional terms and conditions.
- Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The contributions made by the Company in this connection are recognised under “Staff Costs” in the statement of profit or loss.

m) Grants

The Company accounts for grants received as follows:

m.1) Non-refundable grants

These are measured at the amount received or the fair value of the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders, which are recognised directly in equity.

m.2) Grants related to income

Grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

n) Use of estimates

In preparing the accompanying financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The recoverability of deferred tax assets (see Note 20).
- The recoverability of the investments in Group companies and associates, and of any loans to or receivables from those companies (see Note 10).
- The evaluation of possible impairment losses on certain assets (see Note 4-c).
- The useful life of intangible assets and property, plant and equipment (see Notes 4-a and 4-b).
- The market value of certain financial instruments (see Note 13).
- The calculation of certain provisions (see Notes 4-j and 16).
- The market value of non-current assets classified as held for sale (see Note 11).

Although these estimates were made on the basis of the best information available at 31 December 2015, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively.

ñ) Related party transactions

The Company performs all its transactions with related parties on an arm's length basis.

Note 23 "Related Party Transactions and Balances" details the main transactions with the significant shareholders of the Company, its Directors and Senior Executives and between Group companies.

o) Non-current assets and associated liabilities classified as held for sale

The Company classifies assets under “Non-Current Assets Classified as Held for Sale” if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The associated liabilities are classified under “Liabilities Associated with Non-Current Assets Classified as Held for Sale”.

05. Intangible Assets

The changes in “Intangible Assets” in the accompanying balance sheets in 2015 and 2014 were as follows:

	Concession arrangements	Concessions	Computer software	Other intangible assets	Accumulated amortisation	Impairment	Total
Balance at 31/12/13	**164,760**	**47,059**	**41,677**	**18,327**	**(120,894)**	**—**	**150,929**
Additions or charge for the year	1,372	—	3,940	789	(12,923)	(3,223)	(10,045)
Disposals or reductions	(7,186)	(21,013)	(888)	(204)	841	—	(28,450)
Transfers	—	431	65	(2,532)	1,159	—	(877)
Balance at 31/12/14	**158,946**	**26,477**	**44,794**	**16,380**	**(131,817)**	**(3,223)**	**111,557**
Additions or charge for the year	458	419	7,281	6,066	(16,112)	(603)	(2,491)
Disposals or reductions	(1,144)	(973)	(405)	(5)	875	8	(1,644)
Transfers	38	381	913	(256)	—	—	1,076
Balance at 31/12/15	**158,298**	**26,304**	**52,583**	**22,185**	**(147,054)**	**(3,818)**	**108,498**

There were no significant changes in "Concession Arrangements“ in 2015 and of note in 2014 was the decrease of EUR 5,609 thousand relating to the integral water supply and cleaning management concession in Lleida, operated through a joint venture, the 50% ownership interest in which was transferred to the other venturer, the wholly-owned investee FCC Aqualia, S.A.

"Concessions", which relates mainly to businesses carried on through joint ventures, includes primarily the amounts paid for obtaining the water supply and urban cleaning concessions. There were no significant changes in 2015 and the most significant change in 2014 was the decrease of EUR 20,467 thousand relating to the concession indicated in the preceding paragraph.

The balance of "Computer Software" relates mainly, on the one hand, to the implementation, development and improvement costs of the corporate information system and, on the other hand, to costs relating to information technology infrastructures.

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2015 and 2014 is as follows:

	Cost	Accumulated amortisation	Impairment	Net
2015				
Concession arrangements	158,298	(88,129)	(3,818)	66,351
Concessions	26,304	(18,902)	—	7,402
Computer software	52,583	(27,184)	—	25,399
Other intangible assets	22,185	(12,839)	—	9,346
	259,370	**(147,054)**	**(3,818)**	**108,498**
2014				
Concession arrangements	158,946	(81,443)	(3,223)	74,280
Concessions	26,477	(18,411)	—	8,066
Computer software	44,794	(21,076)	—	23,718
Other intangible assets	16,380	(10,887)	—	5,493
	246,597	**(131,817)**	**(3,223)**	**111,557**

Of the net amount of intangible assets, EUR 34,722 thousand relate to assets used in joint ventures (31 December 2014: EUR 40,858 thousand).

At the reporting date, all the intangible assets were used in the various production processes. However, a portion of these intangible assets, basically computer software amounting to EUR 23,416 thousand, had been fully amortised (31 December 2014: EUR 21,818 thousand), while the amounts relating to joint ventures were not material.

At 31 December 2015, the Company did not have any intangible assets located outside Spain.

06. Property, Plant and Equipment

The changes in “Property, Plant and Equipment” in the accompanying balance sheets in 2015 and 2014 were as follows:

		Other items of property, plant and equipment			
	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction and advances	Accumulated depreciation	Total
Balance at 31/12/13	**106,306**	**901,981**	**7,010**	**(660,583)**	**354,714**
Additions or charge for the year	4,281	58,578	4,577	(63,561)	3,875
Disposals or reductions	(7,053)	(48,195)	(27)	50,009	(5,266)
Transfers	3,312	5,631	(4,872)	(1,668)	2,403
Balance at 31/12/14	**106,846**	**917,995**	**6,688**	**(675,803)**	**355,726**
Additions or charge for the year	1,731	67,464	6,846	(60,630)	15,411
Disposals or reductions	(26,041)	(31,358)	(124)	31,368	(26,155)
Transfers	3,376	2,880	(4,101)	71	2,226
Balance at 31/12/15	**85,912**	**956,981**	**9,309**	**(704,994)**	**347,208**

"Land and Buildings" includes the disposal of non-productive assets through purchase and sale transactions entered into with the subsidiary FCC Construcción S.A., amounting to EUR 25,557 thousand, in order to integrate all of the Group's property assets in the property and land management division.

The other changes in “Property, Plant and Equipment” relate basically to assets associated w ith the services and water concession arrangements operated by the Company. Of note is the award to the Company of the urban solid waste collection contract in Orange County (Florida), which came into force on 1 January 2016. In 2015 the items of property, plant and equipment purchased under this contract totalled EUR 12,509 thousand, basically under finance leases (see Note 7), representing the most significant portion of the property, plant and equipment located abroad.

The detail of the property, plant and equipment and of the related accumulated depreciation at 31 December 2015 and 2014 is as follows:

	Cost	Accumulated depreciation	Net
2015			
Land and buildings	85,912	(38,335)	47,577
Plant and other items of property, plant and equipment	956,981	(666,659)	290,322
Property, plant and equipment in the course of construction and advances	9,309	—	9,309
	1,052,202	**(704,994)**	**342,208**
2014			
Land and buildings	106,846	(36,084)	70,762
Plant and other items of property, plant and equipment	917,995	(639,719)	278,276
Property, plant and equipment in the course of construction and advances	6,688	—	6,688
	1,031,529	**(675,803)**	**355,726**

The Company owns buildings, the value of which, net of depreciation, and that of the land, were as follows at year-end:

	2015	2014
Land	8,043	25,231
Buildings	39,534	45,531
	47,577	**70,762**

Of the net amount of intangible assets, EUR 57,995 thousand relate to assets used in joint ventures (31 December 2014: EUR 51,433 thousand).

In 2015 and 2014 the Company did not capitalise any borrowing costs to "Property, Plant and Equipment”.

At 2015 year-end the Company held various items of property, plant and equipment under finance leases (see Note 7).

At the reporting date, all the items of property plant and equipment were used in the various production processes. However, a portion of these assets amounting to EUR 402,896 thousand was fully depreciated (31 December 2014: EUR 351,834 thousand), of which EUR 16,174 thousand were recognised under "Buildings" (31 December 2014: EUR 14,192 thousand), while the amounts relating to joint ventures were not material.

The Company's property, plant and equipment subject to restrictions on title relate mainly to assets held under finance leases.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At 2015 year-end the property, plant and equipment were fully insured against these risks.

07. Leases

a) Finance leases

The Company has recognised assets leased under leases with basically a maximum term of five years and, in general, lease payments payable in arrears. Consequently, the present value of the payments does not differ significantly from their face value. The leased assets include notably the trucks and machinery used in the waste collection and cleaning services provided by the Company.

The detail of the finance leases in force at the end of 2015 and 2014 are as follows:

	2015	2014
Carrying amount	**34,011**	**23,661**
Accumulated depreciation	13,817	8,284
Cost of the assets	**47,828**	**31,945**
Finance costs	4,786	3,220
Capitalised cost of the assets	**52,614**	**35,165**
Lease payments paid in the year	(7,563)	(5,899)
Lease payments paid in prior years	(15,574)	(11,652)
Lease payments outstanding, including purchase option	**29,477**	**17,614**
Unaccrued finance charges	(2,071)	(1,175)
Present value of lease payments outstanding, including purchase option	**27,406**	**16,439**
Contract term (years)	3 to 5	3 to 5
Value of purchase options	352	223

The financial increase is due basically to the award of the urban solid waste collection contract in Orange Country (Florida) in the US (see Note 6).

The payment dates of the outstanding lease payments of the committed payments are shown in Note 17.

The finance leases arranged by the Company do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2015 no expense was incurred in connection with contingent rent.

b) Operating leases

The Company makes operating lease payments basically for the use of buildings and structures relating to the Central Services offices in Madrid and Barcelona, and for the leases of premises and industrial buildings used by the Company as offices, warehouses, changing rooms and garages in the course of its activities.

The amount relating to the aforementioned leases in 2015 totalled EUR 38,454 thousand (31 December 2014: EUR 39,842 thousand).

Also worthy of note among the operating lease agreements entered into by Fomento de Construcciones y Contratas, S.A. due to the magnitude of the sums involved are those relating to the corporate headquarters of the FCC Group:

- Office buildings located at Federico Salmón, 13, Madrid and Balmes, 36, Barcelona.
  On 29 December 2011, the owners of these buildings and Fomento de Construcciones y Contratas, S.A. entered into two lease agreements relating thereto for a minimum period of 30 years, extendable for two five-year periods at the discretion of the Company, with an initial annual rent adjustable based on the CPI. These buildings were transferred by the Company to their current owners under a sale and leaseback agreement. The owners, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

- Office building located in Las Tablas (Madrid).
  On 19 December 2010, the owner and the Company entered into an agreement to lease the aforementioned building, the lease period commencing once construction of the building had been completed on 23 November 2012. The term of this lease is 18 years, extendable at the Company's discretion by two five-year periods, each with an annual rent adjustable each year based on the CPI.

In addition, on 30 May 2014, the agreement originally entered into on 19 November 2010 between the Company and Hewlett Packard Servicios España, S.L., through which information technology infrastructure operating services were outsourced, was renegotiated in order to improve efficiency and create greater flexibility and competitiveness at an international level. The term was set to end in July 2018.

At 2015 year-end there were non-cancellable future committed payments in relation to the aforementioned items amounting to EUR 333,558 thousand (2014: EUR 355,095 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2015 and 2014 is as follows:

	2015	2014
Within one year	34,679	34,081
Between one and five years	111,089	104,314
After five years	187,790	216,700
	333,558	**355,095**

As the lessor in leases the Company bills the FCC Group investees on the basis of the use they make of the related properties and recognises these amounts as operating income.

08. Service Concession Arrangements

This Note presents an overview of the Company's investments in concession businesses, mainly Environmental Services and Integral Water Management, which are recognised within the following balance sheet line items: intangible assets for the concessions classified as intangible assets and non-current and current trade receivables for the concessions classified as financial assets (see Note 4-a.1).

The following table details, by asset class and concession activity, the total amount of the assets held by the Company under service concession arrangements.

	Environmental Services	Integral Water Management	Total
2015			
Intangible assets	51,096	15,255	66,351
Financial assets	30,282	—	30,282
	81,378	**15,255**	**96,633**
2014			
Intangible assets	54,568	19,712	74,280
Financial assets	31,641	—	31,641
	86,209	**19,712**	**105,921**

The detail of the Company's most significant service concession arrangements is as follows:

a) Intangible assets

– El Campello urban solid waste treatment plant (Environmental Services).
Construction and operation of the El Campello (Alicante) Integrated Urban Solid Waste Centre. It was granted to the Company in 2003 by the Plan Zonal XV consortium of the Valencia Autonomous Community and the construction phase was completed in November 2008. The initial operating phase of 20 years began at this time and was subsequently extended to 21 years and nine months. The net assets relating to the aforementioned arrangement total EUR 38,905 thousand (31 December 2014: EUR 40,955 thousand). It is classified as an intangible asset as the billings are determined in accordance with the tonnes treated and, consequently, the demand risk is assumed by the concession operator.

– Integrated management of the municipal water supply and sewerage service of Vigo. Grant to the Aqualia-FCC-Vigo joint venture (50% Fomento de Construcciones y Contratas, S.A. and 50% FCC Aqualia, S.A., wholly owned by the Company) of the operation of the concession, including investments for the extension, renovation and/or upgrade of the existing infrastructures that the grantor placed at the disposal of the joint venture. It was granted in 1991 for an initial term of 25 years, extendible for five-year periods up to a maximum legal term of 50 years. The grantor extended the concession in 2011 for an additional five years until 2020. The net assets relating to the aforementioned arrangement total EUR 14,232 thousand (31 December 2014: EUR 17,670 thousand). The users are charged for the service and it is classified as an intangible asset, as the amount collected depends on the use made of the service and is therefore variable. The demand risk is therefore assumed by the concession operator.

b) Financial assets

– Urban solid waste treatment plant in Manises (Valencia). (Environmental Services). Grant by the Entidad Metropolitana para el Tratamiento de Residuos to the Gestión Instalación III joint venture (in which Fomento de Construcciones y Contratas, S.A. holds a 34.99% ownership interest) for the construction and operation of the urban solid waste management system of certain areas of the province of Valencia. It was granted in 2005 for an initial period of 20 years from the operational start-up of the plant which occurred in December 2012. As a result of an amendment to the arrangement, this concession was reclassified as a financial asset in 2013. The assets relating to the aforementioned arrangement total EUR 27,235 thousand (31 December 2014: EUR 28,188 thousand). A fixed amount plus a variable amount per tonne treated is charged; this second component is residual. In addition, the cost of the construction services is substantially covered through the fixed charge and therefore the entire concession is considered to be a financial asset.

09. Non-Current and Current Financial Investments

a) Non-current financial investments

The detail of "Non-Current Financial Investments" at the end of 2015 and 2014 is as follows:

	Equity instruments	Loans to third parties	Derivatives	Other financial assets	Total
2015					
Loans and receivables	—	31,230	—	7,716	38,946
Available-for-sale financial assets	22,300	—	—	—	22,300
Held-for-trading financial assets	—	—	1,816	—	1,816
Other financial assets at fair value through profit or loss	—	—	—	3,076	3,076
	22,300	**31,230**	**1,816**	**10,792**	**66,138**
2014					
Loans and receivables	—	29,377	—	8,879	38,256
Available-for-sale financial assets	20,611	—	—	—	20,611
Held-for-trading financial assets	—	—	1,820	—	1,820
Other financial assets at fair value through profit or loss	—	—	—	3,921	3,921
	20,611	**29,377**	**1,820**	**12,800**	**64,608**

The detail, by maturity, of the loans and receivables is as follows:

	2017	2018	2019	2020	2021 and subsequent yers	Total
Loans and receivables	4,257	155	40	54	34,440	38,946

Loans and receivables

The loans and receivables include basically the participating loans granted to Xfera Móviles, S.A. This heading also includes the guarantees and deposits relating to legal and contractual obligations in the pursuit of the Company's business activities, and long-term deposits, together with the amounts granted to public entities to carry out works and build facilities in the water supply network. With regard to Xfera Móviles, S.A., it is important to note that at 31 December 2015, Fomento de Construcciones y Contratas, S.A. had granted loans to this company totalling EUR 24,114 thousand (2014: same amount) and had provided guarantees for it amounting to EUR 12,384 thousand (2014: same amount). Company management considers that the carrying amount of the assets relating to Xfera Móviles, S.A. is representative of their fair value.

Available-for-sale financial assets

The detail at 31 December 2015 and 2014 is as follows:

	Effective percentage of ownership	Fair value
2015		
Vertederos de Residuos, S.A.	16,03%	10,817
Xfera Móviles, S.A.	3,44%	11,215
Other		268
		22,300
2014		
Vertederos de Residuos, S.A.	16,03%	9,128
Xfera Móviles, S.A.	3,44%	11,215
Other		268
		20,611

b) Current financial investments

At 2015 year-end substantially all the "Current Financial Investments" were loans and receivables.

10. Investments in and Payables to Group Companies and Associates

a) Non-current investments in Group companies and associates

The detail of “Non-Current Investments in Group Companies and Associates” at 31 December 2015 and 2014 is as follows:

	Cost	Accumulated impairment losses	Total
2015			
Equity instruments of Group companies	4,502,507	(2,204,031)	2,298,476
Equity instruments of associates	454,305	(272,095)	182,210
Loans to Group companies	1,256,195	(26,942)	1,229,253
Loans to associates	27	—	27
Other financial assets	100,000	—	100,000
	6,313,034	**(2,503,068)**	**3,809,966**
2014			
Equity instruments of Group companies	4,316,102	(1,991,090)	2,325,012
Equity instruments of associates	423,780	(337,428)	86,352
Loans to Group companies	1,166,812	(32,948)	1,133,864
Loans to associates	26	—	26
Other financial assets	200,000	—	200,000
	6,106,720	**(2,361,466)**	**3,745,254**

The changes in the line items in the foregoing table are as follows:

	Equity instruments of Group companies	Equity instruments of associates	Loans to Group companies	Loans to associates	Other financial assets	Net impairment losses	Total
Balance at 31/12/13	**2,378,801**	**21,540**	**1,687,717**	**—**	**—**	**(1,185,964)**	**2,902,094**
Additions or charge for the year	1,938,021	3,842	690,670	—	200,000	(845,191)	1,987,342
Disposals or reversals	(720)	(733)	(1,211,575)	—	—	(2,065)	(1,215,093)
Transfers	—	399,131	—	26	—	(328,246)	70,911
Balance at 31/12/14	**4,316,102**	**423,780**	**1,166,812**	**26**	**200,000**	**(2,361,466)**	**3,745,254**
Additions or charge for the year	88,064	30,581	37,661	1	—	(193,648)	(37,341)
Disposals or reversals	(1,659)	(56)	(48,278)	—	—	104,839	54,846
Transfers	100,000	—	100,000	—	(100,000)	(52,793)	47,207
Balance at a 31/12/15	**4,502,507**	**454,305**	**1,256,195**	**27**	**100,000**	**(2,503,068)**	**3,809,966**

Equity instruments of Group companies

The most significant changes in 2015 detailed in the foregoing table were as follows:

- Subscription of the capital increase through the partial conversion into capital of the short-term receivables of the wholly-owned investee Azincourt Investments, S.L. in July amounting to EUR 100,000 thousand. Also, impairment losses on investments amounting to EUR 33,356 were reversed due to the increase in the net assets of FCC Environment (UK).
- Contribution made in September to the equity of the subsidiary Dédalo Patrimonial, S.L.U. to offset losses amounting to EUR 85,802 thousand. As a result of the foregoing, the impairment losses on the long-term and short-term loans granted to the subsidiary (EUR 32,948 thousand and EUR 52,793 thousand, respectively) were transferred to impairment losses on investments.
- Capital payments payable at Valoración y Tratamiento de Residuos Urbanos, S.A., amounting to EUR 1,500 thousand.
- Contribution to the equity of FCC Power Generation S.L.U. to offset losses amounting to EUR 750 thousand through the partial conversion into capital of loans granted and the subsequent sale of the shares in this subsidiary to Grupo FCC Industrial e Infraestructuras Energéticas, S.A.U. in the framework of an internal restructuring. The ownership interest transferred had a gross carrying amount of EUR 1,659 thousand and impairment of EUR 804 thousand. The sale price was EUR 278 thousand. Both transactions were arranged in December 2015.

The following changes were worthy of note in 2014:

- Subscription of the full amount of the capital increase with a monetary contribution of the wholly-owned investee Azincourt Investments, S.L. in January totalling EUR 98,583 thousand.
- Subscription of the full amount of the capital increase of EUR 1,347,100 thousand at Azincourt Investments, S.L. in May by converting into capital the Company's accounts receivable from this investee (EUR 1,100,728 thousand of long-term receivables and EUR 246,372 thousand of short-term receivables). In 2014 an additional impairment loss of EUR 480,000 thousand was recognised as a result of the impairment on the property, plant and equipment of FCC Environment (UK) due to the planned closure of certain unprofitable landfills with volumes much lower than estimated as a result of the UK landfill tax.

– Subscription of the full amount of the capital increase of EUR 110,847 thousand at Cementos Portland Valderrivas, S.A. in May by converting into capital the loan previously granted by the Company.

– The Company made a shareholder contribution of EUR 370,000 thousand to the equity of the wholly-owned investee FCC Construcción, S.A. by converting accounts receivable into share capital. In addition, the Company recognised an impairment loss of EUR 350,000 thousand on the investment in FCC Construcción, S.A. as a result of the reduction in the present value of the expected cash flows.

The detail, by company, of the investments in Group companies and associates is presented in Appendices I and III, respectively, indicating for each company in which a direct ownership interest is held the company name, registered office, line of business, the percentage of the capital held directly or indirectly, the amount of equity (capital, reserves and other), profit or loss, dividends received, whether or not it is listed and the carrying amount of the ownership interest.

Equity instruments of associates

The most significant changes in 2015 were as follows:

– Subscription of the 52,726,278 shares to which the Company was entitled in the exercise of its pre-emption rights in the capital increase at Realia Business, S.A. The increase was performed at a price of EUR 0.58 per share (EUR 0.24 par value + EUR 0.34 share premium), giving rise to a total amount of EUR 30,581 thousand, which were paid in early January 2016.

– Reversal of the impairment losses on the investment of EUR 66,090 thousand, as a result of the improvement in the equity of Realia Business. The net investment in this company therefore amounted to EUR 125,617 thousand at 31 December 2015 and the value of the ownership interest, in accordance with its share price at that date, amounted to EUR 80,144 thousand without taking into account in both cases the amount of shares subscribed in the capital increase in progress, since at 31 December 2015 these shares were not listed. The carrying amount of the investment in Realia Business is recoverable on the basis of its value in use.

The changes in 2014 were due mainly to the following reclassifications from "Non-Current Assets Classified as Held for Sale":

– The 49% holding in FM Green Power, S.L., after the sale of 51% of the shares had been formalised (see Note 11), with a cost of EUR 273,972 thousand and related accumulated impairment of EUR 266,286 thousand.

– The investment in Realia Business, S.A., with a cost of EUR 125,617 thousand and related accumulated impairment of EUR 66,090 thousand, as a result of the change of strategy of FCC Group management, who decided not to sell the ownership interest in this company.

Long-term loans to Group companies

The most significant amounts are as follows:

	2015	2014
FCC Aqualia, S.A.	360,732	375,683
FCC Versia, S.A.	168,000	168,023
FCC Medio Ambiente, S.A.	136,606	136,716
Cementos Portland Valderrivas, S.A.	128,419	20,000
FCC PFI Holdings Limited	107,401	100,835
FCC Construcción, S.A.	88,159	76,123
Enviropower Investment Ltd.	49,297	43,495
FCC Ámbito, S.A. (Sole-Shareholder Company)	44,646	44,682
FCC Industrial e Infraestructuras Energéticas, S.A.	34,386	34,414
.A.S.A. Abfall Service AG	14,000	14,000
Servià Cantó, S.A.	10,700	10,709
Sociedad Española de Aguas Filtradas, S.A.	10,252	9,515
Mantenimiento de Infraestructuras, S.A.	10,000	10,008
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	4,454	32,948
Other	89,143	89,661
	1,256,195	**1,166,812**
Impairment:		
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	—	(32,948)
FCC Versia, S.A.	(26,942)	—
	1,229,253	**1,133,864**

The following should be noted in relation to the foregoing table:

– Loans arising from the refinancing process. Under the refinancing agreements described in Note 17, the Company assumed, expressly, irrevocably and unconditionally, as the debtor, the contractual position of the subsidiaries vis-à-vis the existing syndicated financing and credit facilities, which led, in turn, to the execution of loan agreements between Fomento de Construcciones y Contratas, S.A. and the subsidiaries. These loans total EUR 652,630 thousand, the detail being as follows:

	2015	2014
FCC Aqualia, S.A.	206,979	202,449
FCC Medio Ambiente, S.A.	136,606	136,606
FCC Construcción, S.A.	88,159	76,062
FCC Ámbito, S.A.	44,646	44,646
FCC Industrial e Infraestructuras Energéticas, S.A.	34,386	34,386
FCC Versia, S.A.	28,000	28,000
Servià Cantó, S.A.	10,700	10,700
Mantenimiento de Infraestructuras, S.A.	10,000	10,000
Other	93,154	88,698
	652,630	**631,547**

The increase in 2015 is due mainly to the provision of the amount of the guarantees executed in FCC Aqualia, S.A. and FCC Construcción, S.A.

The interest rate to apply is the effective rate assumed by Fomento de Construcciones y Contratas, S.A. in the refinancing.

– Reduction due to the contribution to the equity of Dédalo Patrimonial, S.L.U. as explained in "Equity Instruments of Group Companies", amounting to EUR 32,948 thousand (fully impaired loan).

– The participating loan of EUR 149,250 thousand granted on 1 May 2010 to the subsidiary FCC Aqualia, S.A. matures annually and is automatically renewable for successive one-year periods. The interest rate is calculated as having a fixed portion and a floating portion, the latter in accordance with profitability indicators for the borrower. In May 2015 the fixed interest rate was amended and set at 4.86%, as was the total maximum interest rate (fixed + floating) which may not exceed Euribor + 10%. This participating loan earned interest of EUR 9,308 thousand in 2015 (31 December 2014: EUR 5,736 thousand).

– The long-term loan of EUR 140,000 thousand granted on 9 February 2007 to FCC Versia, S.A., which initially matured in two years, automatically renewable for additional successive two-year periods. The interest rate is established on the basis of the average 3-month Euribor of the month prior to the month on which it is to be revised, plus a spread of 0.75%. This loan was reduced by EUR 45,000 thousand which were converted into a participating loan. This transaction was formalised on 25 November 2015. The loan matures on 31 January 2018 and is automatically renewable for additional successive two-year periods. The interest rate is calculated as having a fixed portion (7%) and a floating portion, in accordance with profitability indicators for the borrower. The total maximum interest rate (fixed and floating) may not exceed the limit of 10%. At 2015 year-end this loan had earned interest of EUR 1,129 thousand (31 December 2014: EUR 1,509 thousand).

– Contribution of EUR 100,000 thousand made on 5 February 2015 to Cementos Portland Valderrivas, S.A. This contribution was provided for in the restructuring framework agreement entered into on 21 November 2014 as a partial disbursement of the financial support commitment (EUR 200,000 thousand) that the Company made to this company and for which it had been agreed to defer claimability until the final maturity of the financing agreement through the agreement entered into on 24 March 2014. This contribution reduces the deferred contingent debt. In addition, a subordinated loan of EUR 20,000 thousand granted to Cementos Portland Valderrivas, S.A. in September 2014, initially maturing in December 2016 and associated with this company's refinancing agreement, has been maintained. At 2015 year-end this loan had earned interest of EUR 8,418 thousand.

The other loans relate to amounts granted to Group companies that mature in more than one year and earn interest at market rates.

Net impairment losses

The most significant changes, in addition to those indicated in "Equity Instruments of Group Companies and Associates", are as follows:

– Impairment of EUR 96,587 thousand of the investment in FCC Construcción, S.A. due to the obtainment of negative cash flow at 2015 year-end and the forecast for negative cash flow in 2016, due mainly to the changes in working capital as a result of the fall in revenue, which meant that the recoverable amount of the investment could be determined almost entirely as the residual value, which shows a high level of uncertainty. The assumptions used in estimating the impairment test, by reference to the cash flow of the traditional construction business, envisage a 13% fall in revenue in 2016 compared to 2015, mainly in the domestic market, partially mitigated by international activity. This has had a direct effect on the EBITDA margin on revenue, which has dropped from 4.7% to 3.5%. In time horizon terms, from 2017 to 2019 an average growth in revenue of 11% is estimated, driven by the industrial and international areas, since domestic growth continues to fall. In 2020, the last year of the time horizon envisaged in the cash flows, the activity level will stabilise, with 3.8% revenue growth. Concerning the EBITDA margin for the aforementioned period, it will improve up to 4.6% in 2017 and 2018, reaching 5% in 2019 and 2020. The concession, property and land management businesses should also be considered as cash-generating units, as they are legal subsidiaries of FCC Construcción, S.A. With regard to the concession business, the envisaged cash flow has been incorporated; of particular note in 2016 is the cash revenue from the partial sale of ownership interests in certain concession operators. The value of the property activity was recovered due to the transfer FCC Construcción will make from this activity to another FCC Group company under the restructuring planned for 2016 (EUR 320 million). In making these projections a five-year time horizon has been considered, using a zero growth rate to calculate perpetual return. The discount rate used was 6.40%.

– Impairment loss on the investment in FCC Versia, S.A. of EUR 55,193 thousand in the value of the portfolio and of EUR 26,942 thousand in the value of loans, as a result of the asset impairments suffered by this company, arising from the sale of its subsidiary Corporación Europea de Mobiliaria Urbano, S.A. formalised in November 2015.

– Cementos Portland Valderrivas, S.A. (Cementos Portland) is currently in the process of refinancing certain financial liabilities held by it amounting to EUR 824 million which mature on 31 July 2016. The Company assessed the recoverability of its investment in the Cementos Portland Group on the basis of its value in use, as it does not envisage its liquidation or sale, since it has been providing financial support as shown by the execution of the "CPV Support Agreement" (see Note 17) under which it has already contributed EUR 100,000 thousand, with the obligation to contribute up to an additional EUR 100,000 thousand and to which it plans to continue providing support through the capital increase of the Company (see Note 14), which envisages the allocation of additional funds to Cementos Portland in order to provide it with greater liquidity and flexibility in its debt repayment and restructuring process. Consequently, the Company has applied the going concern principle of accounting to its investment in Cementos Portland. The net investment, including the loans granted of EUR 128,419 thousand indicated in Note 10-a and the aforementioned obligation to provide EUR 100,000 thousand, amounted to EUR 623,899 thousand at 31 December 2015. The value of the ownership interest, in accordance with its share price at that date, amounted to EUR 189,817 thousand. At 31 December 2015, an impairment loss of EUR 14,071 thousand was recognised in order to bring the value of the investment in Cementos Portland into line with the underlying carrying amount of the ownership interest that Fomento de Construcciones y Contratas, S.A. held in this company at that date.

b) Current investments in Group companies and associates

"Current Investments in Group Companies and Associates" includes basically the loans and other non-trade credit facilities granted to Group companies and associates to cater, inter alia, for certain specific cash situations, and other short-term investments. These investments are measured at the lower of cost and market value, plus the related interest at market rates.

The most significant amounts are as follows:

	2015	2014
Azincourt Investment, S.L. (Sole-Shareholder Company)	95,074	188,286
FCC Aqualia, S.A.	44,917	36,763
FCC Environment (UK) Ltd.	30,704	29,357
FCC PFI Holdings Group	15,534	10,903
FCC Medio Ambiente, S.A.	14,549	86,747
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	546	66,971
FCC Construcción, S.A.	251	57,325
Per Gestora Inmobiliaria, S.L.	32	15,020
Other	20,205	62,339
	221,812	**553,711**
Impairment:		
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	—	(52,793)
Other	—	(6,544)
	221,812	**494,374**

The most significant changes are as follows:

- Decrease due to the capital increase through the partial conversion of collection rights into capital of the wholly-owned investee Azincourt Investments, S.L., amounting to EUR 100,000 thousand, as explained in the section relating to "Equity Instruments of Group Companies".
- Decrease due to the contribution to the equity of Dédalo Patrimonial, S.L.U. as explained in the section relating to "Equity Instruments of Group Companies", amounting to EUR 52,793 thousand (fully impaired loan).
- The balances with FCC Construcción, S.A. and FCC Medio Ambiente, S.A. were reduced on entering into cash pooling agreements with Asesoría Financiera y de Gestión, S.A., another subsidiary of the Company.

These loans mature annually and earn interest at market rates.

c) Other non-current financial assets

The Company made a commitment to provide financial support to Cementos Portland Valderrivas, S.A. for a maximum amount of EUR 200,000 thousand (see Note 10-d) of which it contributed EUR 100,000 in 2015, included under "Long-Term Loans to Group Companies".

d) Non-current payables to Group companies and associateso

These relate basically to the payables to Cementos Portland Valderrivas, S.A. for the contingent contribution discussed above. The related amount has already become claimable. However, in fulfilment of the obligations assumed in the refinancing agreement of Fomento de Construcciones y Contratas, S.A. (see Note 17), on 24 March 2014 an agreement was formalised whereby the contingent capital contribution was deferred until the date of final maturity of the Company's refinancing agreement. Subsequently, the new restructuring framework agreement entered into on 21 November 2014 provided for the partial contribution of EUR 100,000 thousand, which were disbursed on 5 February 2015.

e) Current payables to Group companies and associates

The most noteworthy balances of "Current Payables to Group Companies and Associates", which includes the loans received by the Company bearing interest at market rates and trade accounts payable to those companies, recognised on the liability side of the accompanying balance sheet, are as follows:

	2015	2014
Asesoría Financiera y de Gestión, S.A.	172,009	—
Per Gestora Inmobiliaria, S.L.	49,274	64,832
Realia Business, S.A.	30,581	—
FCC Construcción, S.A.	29,306	10,914
Ecoparque Mancomunidad del Este, S.A.	20,783	24,979
Fedemes, S.L.	19,240	35,857
FM Green Power Investments, S.L.	16,086	—
Sistemas y Vehículos de Alta Tecnología, S.A.	10,541	8,231
FCC Versia, S.A.	7,416	197,169
FCC Aqualia, S.A.	1,515	137,215
FCC Medio Ambiente, S.A.	779	11,429
Dédalo Patrimonial, S.L. (Sole-Shareholder Company)	492	17,627
Castellana de Servicios, S.A.	—	12,000
Other	21,608	29,650
	379,630	**549,903**

The most significant changes are as follows:

- Cash pooling agreements formalised with Asesoría Financiera y de Gestión, S.A., under which financial movements are channelled through this subsidiary, mainly causing a decrease in the balances with FCC Versia, S.A. and FCC Aqualia, S.A., and giving rise to the balance with the subsidiary.

- Capital payment payable on shares of Realia Business, S.A. This payment was made on 7 January 2016 (see Note 4-a).

- Deposit agreement entered into in October 2015 with FM Green Power Investments, S.L., with initial maturity on 22 January 2016, automatically renewable for three-month periods, earning interest at market rates. On 20 January 2016 the deposit was refunded.

11. Non-Current Assets Classified as Held for Sale

At 2015 year-end Fomento de Construcciones y Contratas, S.A., the Parent of the FCC Group, presented its ownership interest in Globalvía Infraestructuras, S.A. (Infrastructure Management business) as "Non-Current Assets Classified as Held for Sale" for EUR 220,000 thousand (31 December 2014: 225,000 thousand). The reduction in value relates mainly to the collection in 2015 of EUR 4,750 thousand relating to the reimbursement of that company's share premium (31 December 2014: EUR 41,000 thousand). In addition, an impairment loss of EUR 250 thousand was recognised in 2015 under "Impairment and Gains or Losses on Disposals of Financial Instruments" (31 December 2014: EUR 9,000 thousand). In the first half of 2015 a joint agreement was reached with Bankia (another reference shareholder in Globalvía) to sell all of the shares held by both shareholders in the aforementioned company to the strategic investment fund of the Malaysian Government, Khazanah Nasional Berhad, for an amount that could reach EUR 420,000 thousand. This transaction is subject to compliance with certain conditions precedent, inter alia, waiving or exercising the pre-emption right and early repayment to the creditor banks under a convertible loan facility. As indicated in Note 1, the creditor banks finally exercised the pre-emption right after a purchase and sale agreement was entered into with them on 23 October 2015 under the same terms and conditions as those initially agreed upon with Khazanah Nasional Berhad. The conditions precedent in order to close the transaction had not been complied with at 31 December 2015 and were complied with, as indicated in Note 1, at the date of authorisation for issue of the financial statements. The sale price established includes an initial payment to be made to Fomento de Construcciones y Contratas, S.A. (EUR 83.3 million) on the transaction closing date, probably in March 2016 (at this time EUR 4 million will have to be transferred to Khazanah for damage and losses), and another deferred amount in accordance with the exchange ratio for the conversion of the bonds contemplated at the investee in February 2017, the estimated amount of which (EUR 127 million including interest) is expected to be collected in March 2017. In addition, at 4 February 2016 the Company had collected EUR 6 million in dividends paid with a charge to unrestricted reserves of Globalvía Infraestructuras, S.A. The amount recognised by the Company in its financial statements at 31 December 2015 includes its best estimate of the aforementioned deferred price it expects to obtain and the collection of certain amounts that will be held in an escrow account as guarantees for the excluded assets, which are expected to be released as they will not be required, and to total not less than EUR 8 million.

In 2014 the sale of 51% of FM Green Power, S.L. (sole-shareholder company) was completed for EUR 8,000 thousand. The remaining 49%, with a carrying amount of EUR 7,686 thousand, was classified under “Equity Instruments of Associates”.

Lastly, in 2014 the investment in Realia Business, S.A. was reclassified to “Equity Instruments of Associates” as a result of the decision adopted by Company management not to sell it.

12. Trade Receivables for Sales and Services

"Trade Receivables for Sales and Services" in the accompanying balance sheet includes the present value of the Company's sales and services.

	2015	2014
Production billed not yet collected	319,784	276,229
Unbilled production	123,972	134,174
Trade receivables for sales and services	443,756	410,403
Customer advances	(12,246)	(17,227)
Total trade receivables, net	**431,510**	**393,176**

The foregoing total is the net balance of trade receivables after deducting the balance of “Other Payables - Customer Advances” on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

"Production Billed Not Yet Collected" reflects the amount of the billings issued to customers for services provided not yet collected at the balance sheet date.

"Unbilled Production" reflects the difference between the production recognised by the Company on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company has the capacity to finance itself should it need working capital through the factoring of trade receivables to banks without recourse against Fomento de Construcciones y Contratas, S.A. in the event of default. The amount deducted from the trade receivables balance at 2015 year-end in this connection amounted to EUR 6,915 thousand (31 December 2014: EUR 46,806 thousand).

Of the net balance of trade receivables, EUR 68,936 thousand (31 December 2014: EUR 66,376 thousand) relate to balances from contracts performed through joint ventures.

Past due trade receivables not provided for by the Company amounted to EUR 202,349 thousand. It should be noted that this constitutes all of the Group's past due assets, as there are no significant past due financial assets. All matured balances that have not been settled by the counterparty are considered to be past due. However, it should be taken into account that, although certain assets are past due, there is no default risk, as most are public-sector customers from which the corresponding late-payment interest arising from collection delays may be claimed. In general, except in the case of certain receivables from Spanish Municipal Councils, there are no significant balances more than one year old which have not been written down. In some specific cases the balances are more than one year old and have not been written down, for example because the collection right is included in the 2015 financial restructuring fund in Spain.

13. Derivative Financial Instruments

The detail of the assets and liabilities relating to derivatives included under “Other Non-Current Financial Assets”, “Non-Current Payables - Other Financial Liabilities” and “Current Payables - Other Financial Liabilities” in the accompanying balance sheet and of the related effects on equity and the statement of profit or loss is as follows:

	Fair value			
	Assets (Note 9)	Liabilities (Note 17)	Impact on equity	Impact on the statement of profit or loss
2015				
Hedging derivatives	—	2,508	(1,732)	25
Other derivatives	1,816	—	—	(4)
	1,816	**2,508**	**(1,732)**	**21**
2014				
Hedging derivatives	—	2,831	(1,941)	(223)
Other derivatives	1,820	—	—	9,038
	1,820	**2,831**	**(1,941)**	**8,815**

Hedging derivatives

Following is a detail of the hedging derivatives arranged by the Company for 2015 and 2014, all of which are cash flow hedges, subdivided according to the hedged transaction, and including the type of derivative, the amounts arranged or notional amounts, the expiry date, the fair value at year-end, the impact on equity net of the related tax effect and the impact on the statement of profit or loss in respect to the ineffective portion:

Hedged transaction	Type of derivative	Amount arranged	Expiry	Fair value: Assets	Fair value: Liabilities	Impact on equity	Impact on the statement of profit or loss
2015							
Other payables (Note 17-b)	IRS	8,376	02/04/2024	—	1,192	(824)	11
	IRS	4,188	02/04/2024	—	596	(412)	5
	IRS	2,684	02/04/2024	—	382	(264)	4
	IRS	2,364	02/04/2024	—	338	(232)	5
Total				**—**	**2,508**	**(1.732)**	**25**
2014							
Other payables (Note 17-b)	IRS	8,881	02/04/2024	—	1,345	(923)	(105)
	IRS	4,441	02/04/2024	—	673	(462)	(52)
	IRS	2,845	02/04/2024	—	431	(296)	(34)
	IRS	2,506	02/04/2024	—	382	(260)	(32)
Total				**—**	**2,831**	**(1,941)**	**(223)**

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2015 is as follows:

	Notional maturity: 2016	2017	2018	2019	2020 and subsequent years
IRS (other payables)	1,136	1,155	1,179	1,270	12,872

Other derivatives

Following is the detail for 2015 and 2014 of the derivative financial instruments that do not qualify for hedge accounting, subdivided according to the hedged transaction, and including a detail of the type of derivative, the amounts arranged or the notional amount, the expiry date, the fair value at year-end and the impact on the statement of profit or loss under "Changes in Fair Value of Financial Instruments":

	Type of derivative	Amount arranged	Expiry	Valor razonable: Assets	Valor razonable: Liabilities	Impact on the statement of profit or loss
2015						
Convertible bonds (Note 14-e)	Trigger Call	449,800	30/10/2020	1,816	—	(4)
				1,816	**—**	**(4)**
2014						
Share option plan (Note 15)	PUT	53,838	20/01/2014	—	—	3,368
	PUT	37,065	10/02/2014	—	—	234
	Swap	53,838	10/01/2014	—	—	3,699
	Swap	37,065	10/02/2014	—	—	(83)
				—	—	7,218
Convertible bonds (Note 14-e)	Trigger Call	449,800	30/10/2020	1,820	—	1,820
				1,820	**—**	**1,820**
				1,820	**—**	**9,038**

14. Equity

On 17 December 2015, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to carry out, in the framework of the authorisation granted by the shareholders at the Annual General Meeting held on 25 June 2015 (up to 50% increase) a capital increase with monetary contributions for a total cash amount of EUR 709,518,762 by issuing 118,253,127 new ordinary shares of EUR 1 par value each and with a share premium of EUR 5 each, totalling a unit price of EUR 6 per share. There will be a pre-emption right on the new shares.

The reference shareholders, Ms Esther Koplowitz Romero de Juseu and Inversora Carso, S.A. de C.V. have undertaken to the Board of Directors to subscribe all of the shares corresponding to them in the exercise of their pre-emption right. Inversora Carso, S.A. de C.V. also undertook to subscribe the excess shares if, on expiry of the pre-emption right period and the additional allocation period, there were any unsubscribed shares remaining.

The main objectives of the capital increase are the reinforcement of the Company's equity structure and the reduction of the level of indebtedness, in such a way that the proceeds obtained are allocated to: the repurchase at a discount of at least 15% of the debt corresponding to Tranche B of the Financing Agreement; the provision of financial support for its subsidiary Cementos Portland Valderrivas, S.A.; and attending to general corporate needs, including the exercise of the pre-emption right in the capital increase at Realia Business, S.A.

Subsequently, on 9 February 2016, the Spanish National Securities Market Commission (CNMV) approved the "Securities Note" containing the terms and conditions of the capital increase (see Note 26).

On 27 November 2014, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to increase capital by a par value of EUR 133,269,083 by issuing 133,269,083 new ordinary shares of EUR 1 par value each, which were admitted to listing on the Spanish Stock Market Interconnection System on 22 December 2014. Capital was increased with a share premium of EUR 6.5 for each of the new shares issued, which resulted in an increase of EUR 841,749 thousand in the total share premium, including the expenses, net of tax, incurred in the capital increase, which amounted to EUR 24,500 thousand.

The funds obtained through the capital increase were used partially to repay the debt relating to Tranche B of the financial borrowings of Fomento de Construcciones y Contratas, S.A. regulated in the refinancing agreement in force from 26 June 2014 amounting to EUR 900,000 thousand, after a 15% debt reduction granted by the lender banks amounting to EUR 135,000 thousand. In addition, in December 2014 EUR 100,000 thousand were used to repay the debt to Azincourt Investment, S.L. and another EUR 100,000 thousand were used to repay the debt to Cementos Portland Valderrivas, S.A. arising from the financial support agreement entered into between Fomento de Construcciones y Contratas, S.A. and its creditor banks. This latest contribution to Cementos Portland Valderrivas, S.A. was paid in February 2015.

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 260,572,379 book-entry ordinary shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective IBEX 35 index, are publicly listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges and are traded through the Spanish stock market interconnection system.

With regard to share capital of over 10% owned by other companies either directly or through their subsidiaries, according to information furnished, Inversora Carso, S.A. de C.V., which is in turn controlled by the Slim family, had a 27.43% ownership interest in the share capital directly or indirectly at the date of authorisation for issue of these financial statements. Samede Inversiones 2010, S.L.U. also has an indirect ownership interest of 22.45% in the share capital. The aforementioned Samede Inversiones 2010, S.L.U. is controlled by Ms Esther Koplowitz Romero de Juseu (100%).

Ms Esther Koplowitz Romero de Juseu also directly owns 123,313 shares of Fomento de Construcciones y Contratas, S.A.

On 27 November 2014, the two main shareholders signed the "Investment Agreement" whereby both parties undertook not to increase their individual ownership interest in Fomento de Construcciones y Contratas, S.A. to above 29.99% of the voting share capital for a period of four years. Subsequently, on 5 February 2016, the aforementioned shareholders signed the "Novation of the Investment Agreement", under which the limit on exceeding the ownership interest of 29.99% was suppressed and certain agreements in relation to the Parent's corporate governance were amended (see Note 26).

b) Share premium

The Consolidated Text of the Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

c) Reserves

The detail of "Reserves" in 2015 and 2014 is as follows:

	2015	2014
Legal reserve	26,114	26,114
Other reserves	894,067	896,085
	920,181	**922,199**

Under the Consolidated Text of the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

"Other Reserves" includes most notably EUR 6,034 thousand of restricted reserves, equal to the par value of the treasury shares retired in 2002 and 2008 which, in accordance with Article 335.c of the Spanish Limited Liability Companies Law, are restricted, unless the same requirements as those stipulated for capital reductions are met.

d) Treasury shares

The changes in treasury shares in 2015 and 2014 were as follows:

Balance at 31 December 2013	**(6,103)**
Sales	141,800
Acquisitions	(140,975)
Balance at 31 December 2014	**(5,278)**
Sales	179,220
Acquisitions	(179,445)
Balance at 31 December 2015	**(5,503)**

The detail of the treasury shares at 31 December 2015 and 2014 is as follows:

2015		2014	
Number of shares	Amount	Number of shares	Amount
415,500	(5,503)	232,747	(5,278)

At 31 December 2015, the shares of the Company represented 0.16% of the share capital (31 December 2014: 0.09%).

e) Other equity instruments

In accordance with recognition and measurement standard 9 of the Spanish National Chart of Accounts, "Other Equity Instruments" includes the measurement of the equity component resulting from accounting for the issue of bonds convertible into shares of the Company (see Note 17-a).

In October 2009 Fomento de Construcciones y Contratas, S.A. launched an issue of bonds exchangeable for shares of the Company, maturing on 30 October 2014. Certain terms and conditions were amended and approved by the General Assembly of the Syndicate of Bondholders on 5 May 2014 and by the shareholders at the Company's Annual General Meeting on 23 June 2014, as indicated in Note 17-a. The main features following the amendments are as follows:

- The amount of the issue was EUR 450,000 thousand with final maturity on 30 October 2020. On 12 May 2014, EUR 200 thousand of bonds were converted into 5,284 treasury shares of the Company.
- The bonds were issued at par with a face value of EUR 50 thousand.
- The bonds accrue interest at a fixed annual rate of 6.50% payable every six months.
- The price for which the bonds could be exchanged for shares of the Company was adjusted and established at EUR 30.00 per ordinary share, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 1,666.66 ordinary shares. Subsequently, as a result of the dilution arising from the capital increase, the conversion price was adjusted to EUR 22.19 per ordinary share, effective from 1 December 2014, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,253.27 ordinary shares.
- The entitlement to convert the bonds may be exercised at the request of each of the holders, at any time until 30 October 2020, pursuant to the terms and conditions of the bonds.
- A new case of optional repayment for the issuer from 30 October 2018 is included.
- Following the restructuring, the convertible bonds are no longer subordinated.

The shareholders at the Annual General Meeting held on 23 June 2014 at which the terms and conditions of the bonds were amended also adopted the following relevant resolutions in relation to the bonds:

- The disapplication of pre-emption rights required by the approval of the amendment of the terms and conditions that would otherwise have corresponded to the Company's shareholders in relation to the bonds pursuant to Article 416 of the Spanish Limited Liability Companies Law.
- In accordance with Article 414 of the Spanish Limited Liability Companies Law, it was resolved to increase the Company's capital by the amount required to cater for the conversion of such bonds as the holders thereof might request pursuant to the amended terms and conditions of the bonds up to an initially envisaged maximum of EUR 15,000 thousand corresponding to 15,000,000 new shares, but subject to possible modifications based on the amended terms and conditions. This capital increase will be carried out, in full or in part, by the Board of Directors, with express powers of delegation to any of the Board members, whenever necessary in order to cater for the conversion of the bonds, through the issue of new ordinary shares with the same par value and carrying the same rights as the ordinary shares outstanding on the date or dates on which the capital increase resolution is implemented.

It should also be noted in relation to this transaction that the Company has a trigger call option that allows it to redeem the bonds, valued at EUR 1,816 thousand at 31 December 2015 (31 December 2014: 1,820 thousand), under certain circumstances (see Note 13).

f) Valuation adjustments

The detail of “Valuation Adjustments” is as follows:

	2015	2014
Available-for-sale financial assets (Note 9)	9,749	8,059
Hedges (Note 13)	(1,732)	(1,941)
	8,017	**6,118**

g) Grants

The accompanying balance sheet includes grants received amounting to EUR 6,879 thousand (31 December 2014: EUR 6,879 thousand), net of the tax effect, with EUR 5,508 thousand having been taken to the statement of profit or loss (31 December 2014: EUR 5,260 thousand), of which EUR 248 thousand related to 2015 (31 December 2014: EUR 147 thousand) The aforementioned amount relates mainly to grants received by the joint ventures through which the Company jointly performs contracts.

15. Equity Instrument-Based Transactions

In accordance with a resolution adopted by the Board of Directors on 29 July 2008, Fomento de Construcciones y Contratas, S.A. had a cash settlement-based remuneration plan in force for the Executive Directors and Executives linked to the value of the Company's shares. The participants in the plan would have received a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan. This plan was divided into two tranches with final maturities in October 2013 and February 2014, respectively. The value of the share during the 2014 exercise period did not at any time exceed the exercise price set and, accordingly, no option was exercised in either case. Consequently, no cash outflow took place.

Initially, the Company arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions. On final maturity of the transaction in February 2014, the aforementioned derivative instruments were settled. The impact on results is described in Note 13 to the accompanying financial statements.

16. Long-Term and Short-Term Provisions

a) Long-term provisions

The changes in 2015 were as follows:

	Actions on infrastructure	Litigation	Liability and contingencies	Guarantees and contractual and legal obligations	Other	Total
Balance at 31/12/13	**20,678**	**405**	**124,648**	**96,501**	**10,335**	**252,567**
Charge for the year	1,435	12	71,482	2,738	500	76,167
Amounts used	(2,992)	(15)	(12)	(3,211)	(73)	(6,303)
Reversals	(5,837)	(17)	—	(8,045)	(394)	(14,293)
Balance at 31/12/14	**13,284**	**385**	**196,118**	**87,983**	**10,368**	**308,138**
Charge for the year	1,343	945	13,065	11,666	2,349	29,368
Amounts used	(3,904)	(22)	(284)	(2,738)	(266)	(7,214)
Reversals	—	(28)	(11,940)	(5,475)	(34)	(17,477)
Balance at 31/12/15	**10,723**	**1,280**	**196,959**	**91,436**	**12,417**	**312,815**

Provisions for actions on infrastructure

Under the service concession arrangements, these provisions cover the actions required to hand over the infrastructure at the end of the concession term, namely dismantling, removing or restoring these assets, replacement and major repair work and actions taken to upgrade the infrastructure and increase its capacity. Also, provisions to replace and repair the infrastructure are systematically recognised in the statement of profit or loss as the obligation is incurred (see Note 4-a).

Provisions for litigation

Provisions for litigation cover the Company's contingencies when it acts as defendant in certain proceedings in relation to the liability inherent to the business activities carried on by it. The lawsuits, although numerous, are not expected to have an impact on the Company according to estimates regarding their final outcomes.

Provisions for liability and contingencies

Provisions for liability and contingencies cover the risks, not included in other categories, to which the Company may be exposed as a result of the activities it carries on. These liabilities, include the risks to cover the expansion of the Company's international activities and, in particular, the EUR 64,000 thousand included to challenge the sale of Alpine Energie. The following paragraphs describe the situation in relation to the insolvency proceeding of the Alpine subgroup, a legal subsidiary of FCC Construcción, S.A., in greater detail.

On 19 June 2013, Alpine Bau GmbH (the head of the group of operating companies of the Alpine Group) presented a petition for insolvency proceedings with court-ordered liquidation and a winding-up proposal to the Vienna Commercial Court This application resulted in the closing of the business and the liquidation of its corporate assets (Schließung und Zerschlagung). On 28 June 2013, Alpine holding GmbH (the parent of Alpine Bau GmbH) directly filed for insolvency and liquidation. During the insolvency proceedings, the insolvency managers reported, in the liquidation process, recognised liabilities amounting to approximately EUR 1,750 million at Alpine Bau GmbH and EUR 550 million at Alpine Holding GmbH.

As a result of these two court-ordered liquidation proceedings of the subsidiaries of FCC Construcción, S.A., the latter lost control over the Alpine Group.

As a result of these insolvency proceedings, at 31 December 2015 the Company and other FCC Group companies had recognised provisions in relation to the Alpine subgroup amounting to EUR 153,981 thousand in order to cover the contingencies and liability arising from the activities carried on by the aforementioned subgroup. The breakdown of these provisions is as follows:

Challenge to the sale of Alpine Energie	75,000
Encumbered collateral provided and accounts receivable for contracts of Alpine	62,494
Outstanding balances arising from the acquisition of certain shares of Alpine subgroup companies	16,487
Total	**153,981**

The provision for the challenge to the sale of Alpine Energie Holding AG amounting to EUR 75,000 covers the risk relating to the action brought by the insolvency managers of Alpine Bau GmbH on 11 June 2014 against the Parent of the Group, Fomento de Construcciones y Contratas, S.A. (provision of EUR 64,000 thousand) and two of its subsidiaries: Asesoría Financiera y de Gestión, S.A. (provision of EUR 11,000 thousand) and Bveftdomintaena Beteiligunsgverwaltung GmbH. It should be noted in relation to the aforementioned proceedings that the expert commissioned by the Spanish Public Prosecutor's Office adjudged in October 2015 that the sale of Alpine Energie did not cause any damage or loss to Alpine Bau and that the sale conditions were in line with the prevailing market conditions at the time; therefore the judgement does not consider any dealings in assets with a view to defrauding creditors to have occurred. Although this report was issued in the framework of criminal proceedings and the judge of the commercial court who processed the claim for retrospective annulment is under no obligation as a result of such conclusions, it is expected that if it has been considered that the sale was not detrimental to Alpine's assets, this should have a bearing on whether or not the retrospective annulment of the sale is upheld. However, in view of the uncertainty as to the final outcome, the Group maintained the provision recognised in prior years.

FCC Construcción, S.A. provided corporate guarantees in order for certain subsidiaries of the Alpine subgroup to be awarded the contracts and, on the bankruptcy of the subgroup, FCC Construcción, S.A. may have to meet these obligations. In addition, in the ordinary course of its business activities, the FCC Group generated accounts receivable from the Alpine subgroup, which are highly unlikely to be recovered as a result of the bankruptcy proceedings. In order to cover both risks, the FCC Group recognised provisions amounting to EUR 62,494 thousand on the liability side of its consolidated balance sheet.

The provision for the outstanding balances as a result of the acquisition of certain shares of companies of the Alpine subgroup relates to the purchase by FCC Construcción, S.A. of 50% of the shares of Alpine Consulting, d.o.o. and Vela Borovica Koncern d.o.o., for which the insolvency manager of Alpine Bau has claimed the payment of a total of EUR 16,487 thousand.

Since the bankruptcy of Alpine Holding GmbH and Alpine Bau GmbH, preliminary investigations have been conducted by the Spanish Anti-Corruption and Financial Crime Prosecutor's Office and the following civil proceedings have been brought which entail certain risks. These proceedings are as follows:

- **Preliminary investigations:**
  - In July 2013 the claim filed by a bondholder against five Directors of Alpine Holding GmbH (all of whom were Directors when the bonds were issued and they filed for insolvency) gave rise to the investigations by the aforementioned Spanish Anti-Corruption and Financial Crime Prosecutor's Office.
  - In April 2014 a former Director of Banco Hypo Alde Adria filed a claim against FCC Construcción, S.A., Alpine Holding GmbH, Alpine Bau GmbH, three of their Directors and one employee of Fomento de Construcciones y Contratas, S.A. The investigations initiated by the Spanish Public Prosecutor's Office have been added to those mentioned above.
- **Civil and commercial proceedings**
  - In 2014 two bondholders filed two civil claims against FCC Construcción, S.A. and a Director for EUR 12 thousand and EUR 506 thousand. Both proceedings have been suspended pending a preliminary judgment being handed down in the criminal jurisdiction.
  - As well as the action for retrospective annulment brought by the insolvency managers of Alpine Bau GmbH due to the sale of Alpine Energie, and for which the aforementioned provision of EUR 75,000 thousand was recognised, there is another action for retrospective annulment for EUR 14.4 million, which includes the allegation that there was an unlawful conversion of debt into capital between Alpine Bau GmbH and FCC Construcción, S.A.
  - The proceedings initiated by the insolvency managers of Alpine Bau claiming the purchase price of the shares of MWG Wohnbaugesellschaft mbH (50%) and Alpine Consulting d.o.o. (100%) are in process, although the amounts claimed, along with that which is subject to negotiation over the purchase of 95% of Vela Borovica Koncern d.o.o. have been provisioned, as stated previously.
  - The insolvency managers of Alpine Holding filed a claim of EUR 186 million against FCC Construcción, S.A. as it considers that this company must indemnify Alpine Holding GmbH for the amounts which the latter raised through bond issues in 2011 and 2012 and which the latter allegedly loaned to Alpine Bau GmbH without the necessary guarantees. Notice of the claim was given in April 2015 and the proceeding is at the evidence phase.

The FCC Group recognises provisions to cover the probable risks in connection with certain of these lawsuits. In relation to the remainder of the lawsuits, the FCC Group and its legal advisers do not consider it likely that there will be any future cash outflows and, therefore, no provision has been recognised in this connection as the FCC Group considers that they are contingent liabilities (see Note 21).

Provisions for guarantees and contractual and legal obligations

Provisions for guarantees and contractual and legal obligations include the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Other provisions

"Other Provisions" includes the items not classified in the foregoing accounts, including provisions to cover environmental contingencies, self-insurance activity and the Company's obligations in relation to equity instrument-based transactions.

b) Short-term provisions

This line item included the projected capital increase expenses that had not yet been billed at 2014 year-end.

17. Non-Current and Current Payables

The detail of "Non-Current Payables" and "Current Payables" is as follows:

	Non-current	Current
2015		
Debt instruments and other marketable securities	446,523	4,873
Bank borrowings	3,585,225	209,140
Obligations under finance leases	18,419	8,987
Derivatives (Note 13)	2,310	198
Other financial liabilities	6,681	63,457
	4,059,158	**286,655**
2014		
Debt instruments and other marketable securities	445,975	4,873
Bank borrowings	3,709,348	43,778
Obligations under finance leases	10,572	5,867
Derivatives (Note 13)	2,609	223
Other financial liabilities	4,117	41,992
	4,172,621	**96,733**

The detail, by maturity, of "Non-Current Payables" is as follows:

	Maturity					
	2017	2018	2019	2020	2021 and subsequent years	Total
Debt instruments and other marketable securities	—	—	—	446,523	—	446,523
Bank borrowings	180,214	3,381,045	4,676	4,791	14,499	3,585,225
Obligations under finance leases	5,213	4,092	2,883	2,289	3,942	18,419
Derivatives	455	455	455	455	490	2,310
Other financial liabilities	1,127	2,227	88	2,703	536	6,681
	187,009	**3,387,819**	**8,102**	**456,761**	**19,467**	**4,059,158**

a) Non-current and current debt instruments and other marketable securities

The purpose of the issue of subordinated convertible bonds amounting to EUR 450,000 thousand launched on 30 October 2009 by Fomento de Construcciones y Contratas, S.A., which was aimed at international institutional investors, was to strengthen the balance sheet equity structure due to the fact that the bonds were convertible and subordinated to the corporate loans arranged by the Company at that time, and it also attempted to diversify the financing base by supplementing the bank financing.

The restructuring of these convertible bonds was included in the framework of the overall refinancing in 2014. This restructuring consisted of extending the original maturity of the convertible bonds -set for October 2014- by 6 years until October 2020, initially reducing the conversion price from EUR 37.85 to EUR 30 and then from 1 December 2014 onwards, due to the capital increase performed at the Company, reducing it further to EUR 22.19 while maintaining the interest rate of 6.5%.

The entitlement to convert the bonds may be exercised at the request of each of the holders, at any time until 30 October 2020, pursuant to the terms and conditions of the bonds. Also, the disappearance of the subordination attaching to the convertible bonds prior to the restructuring should be noted.

Furthermore, Fomento de Construcciones y Contratas, S.A. is entitled to convert all of the convertible bonds into ordinary shares under certain circumstances, and repay all of the bonds early from October 2018 onwards.

The restructuring and modification of the conditions of the issue in the terms mentioned were approved by the General Assembly of Bondholders held on 5 May 2014 and the Company's Annual General Meeting on 23 June 2014.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 14-e to these financial statements. Note 14-e also describes the terms of the convertible bond issue.

As a result of the restructuring of the convertible bonds, as it is a compound instrument, the fair value of the convertibility option equity instrument was determined under the new conditions, mainly the lengthening of the maturity and the adjustment to its conversion price, as a result of the dilution arising from the capital increase. As the exercise price of the conversion option was far superior to the market price of the share and it was not expected that the market price would reach or exceed the exercise price of the option, the option was considered to be out of the money and its fair value was therefore considered to be zero. As a result, the carrying amount of the liability component and the equity instrument was maintained unaltered. In relation to the liability component, since its fair value was very close to its carrying amount, and having verified that the present value of the cash flows discounted under the new terms and conditions, including any fees and commissions paid, using the original effective interest rate, differed by less than 10% from the discounted present value of the cash flows still remaining from the original financial liability, the aforementioned refinancing did not give rise to the derecognition of the initial liability. It is important to note that the restructuring of the bond affected its maturity but did not give rise, under any circumstances, to the early conversion of the bond.

The balance recognised in this connection at 31 December 2015 under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet amounted to EUR 451,396 thousand (31 December 2014: EUR 450,847 thousand), including EUR 4,873 thousand of accrued interest payable. These bonds traded at 94.82% of par at 31 December 2015 according to Bloomberg.

b) Non-current and current bank borrowings

In 2013 the FCC Group decided to commence the refinancing of most of its debt in order to achieve a sustainable financial structure adapted to the generation of cash projected for the Group in the prevailing market environment, which would enable it to focus on the other objectives of its 2013-2015 Strategic Plan aimed at improving profitability, reducing indebtedness and strengthening the capital structure.

The refinancing process was formalised through the refinancing agreements entered into on 24 March and 1 April 2014 by Fomento de Construcciones y Contratas, S.A., other Group companies and the lending banks. Subsequent to compliance with certain conditions, the refinancing process came into effect on 26 June 2014, the date on which the full amount of the Financing Agreement was received and interest began to accrue. The refinancing was subscribed by virtually all the financial institutions involved (more than 40 entities), achieving coverage of 99.98% of the liabilities affected.

The refinancing was instrumented mainly through (i) the arrangement of a syndicated loan amounting to EUR 4,528 million; (ii) the entering into of a financial stability agreement for guarantee and working capital facilities; (iii) the restructuring of the convertible bonds issued in 2009 amounting to EUR 450 million (discussed above); and (iv) the arrangement of other additional financing agreements.

On 21 November 2014, a binding agreement, the "**New Restructuring Framework Agreement**", was entered into with lending entities representing 86.5% of the financing agreement, under which the following was agreed:

i) the use of the proceeds net of expenses arising from the 2014 capital increase (see Note 14); and

ii) the modification of certain terms and conditions of the financing agreement.

Specifically, the aforementioned agreement established that EUR 765 million of the proceeds from the capital increase in 2014 be used to repay and amortise EUR 900 million of Tranche B of the Financing Agreement, with the lending entities of Tranche B thereby assuming a debt reduction of 15%. It also provided for margin reduction and payment deferrals, including the potential extension of the term of Tranche B in the case of non-conversion. The lending entities' share of this reduction was proportional to their respective participation in Tranche B.

Since the aforementioned "New Restructuring Framework Agreement" had been approved by 86.5% of the lending entities, a court approval procedure was implemented to apply certain agreements provided for therein (in particular, debt reduction, margin reduction and payment deferrals, including the potential extension of the term of Tranche B in the case of non-conversion) to all of the lending entities in accordance with Additional Provision Four of Insolvency Law 22/2003, of 9 July. On 12 January 2015, Barcelona Commercial Court no. 10 ruled in favour of Fomento de Construcciones y Contratas, S.A., agreeing to the court approval of the New Restructuring Framework Agreement and the extension of its effectiveness to the entities that had not signed it. The court approval was challenged by three creditors whose joint share in Tranche B affected by the New Restructuring Framework Agreement amounted to EUR 36 million (after application of the aforementioned 15% debt reduction). In accordance with Additional Provision Four of Insolvency Law 22/2003, the reasons for a challenge are limited exclusively to: (i) compliance with the percentages required under Additional Provision Four of Insolvency Law 22/2003, and (ii) the disproportionate nature of the sacrifice required. On 2 November 2015, the Court summoned the parties to submit their objections to the written challenge in a period of ten working days. This period expired on 17 November 2015, and the Company submitted its statement of defence to the challenge on that date.

The bondholders were not affected by the New Restructuring Framework Agreement and its related court approval. However, a group of convertible bondholders initiated legal proceedings before the English courts in January 2015 requesting that the New Restructuring Framework Agreement and its related court approval be declared as constituting a general financial restructuring process which, in accordance with the terms and conditions of issue of such convertible bonds, enables their holders to request from Fomento de Construcciones y Contratas, S.A. the early repayment of their loan on an individual basis.

On 16 April 2015, the judge issued a court order recognising the bondholders' right to request such early and partial maturity from Fomento de Construcciones y Contratas, S.A. on an individual basis (with regard to the bonds held by each holder). In order for the total early maturity of the issue to take place, it would be necessary for the bondholders representing at least 5% of the nominal balance pending thereof to request that a bondholders' assembly be held at which, by absolute majority of the nominal balance of the bondholders present or represented at the assembly (and subject to the achievement of the corresponding quorum), they agree on such total early maturity. The Company is not aware of any bondholder having called such an assembly or of any bondholder having requested the maturity of the convertible bonds on an individual basis, not even the bondholders who initiated the legal proceedings in the UK.

The Company has appealed the court order, has obtained authorisation from the appellate court to appeal and is awaiting the outcome. However, the claimants could try to enforce the aforementioned court order on a provisional basis. The hearing is expected to take place at the beginning of November 2016.

Once the court order issued by the judge becomes final or is enforced provisionally, the Company's creditors could invoke part of the FCC Financing Agreement as possible grounds for early maturity of this loan due to cross default. However, in order for this early maturity claim to be successful it would be necessary for it to be expressly approved by a majority of over 66.67% of creditors.

The Company considers that the court order issued by the judge in relation to the convertible bond will have no impact on the court approval procedure as it is a circumstance affecting a debt which is not included in the New Restructuring Framework Agreement and is unrelated to any possible reasons for challenging the aforementioned court approval procedure.

As a result of the above, the Company has maintained the classification of the bonds as non-current, since the aforementioned court decision has been appealed as the Company does not agree with it and considers that its appeal will be successful. In addition, the bondholders are not expected to claim payment as the restructuring of the bonds, as mentioned previously, was approved by a large majority. At the date of authorisation for issue of these financial statements, no bondholder had requested payment.

The detail of the most salient aspects of the aforementioned refinancing and its subsequent renewal is as follows:

Financing Agreement and subsequent renewal

The refinancing is structured primarily on the basis of a long-term syndicated financing agreement divided into tranches that came into force on 26 June 2014 (the “Financing Agreement”) which entailed the novation of a significant portion of the various syndicated financing agreements, credit or loan facilities or bilateral financing instruments of Fomento de Construcciones y Contratas, S.A. and certain of its Group companies (the “FCC Refinancing Scope”), with the exception of certain excluded companies and the excluded subgroups headed by Cementos Portland Valderrivas, S.A., FCC Environment (UK), FCC PFI Holdings Ltd and Azincourt Investment, S.L.U. (“Azincourt”), .A.S.A. Abfall Services A.G. and Aqualia Czech S.L. (together the “Excluded Subgroups”).

The main features of this syndicated financing agreement are as follows:

- **Amount:** The initial amount is EUR 4,528 million, which replaces the debt existing in various syndicated and bilateral structures for the same amount. As a result of the renewal the principal amounted to EUR 3,678 million.
- **Tranches:** Tranche A for an initial amount of EUR 3,178 million which is classified as a guaranteed senior commercial loan and Tranche B for an initial amount of EUR 1,350 million that is of the same guaranteed nature as Tranche A and includes a right to convert the outstanding balance at maturity into newly issued shares at market price without a discount (including the PIK or capitalisable component of the accrued interest) through the conversion of loans into share capital or a subordinated loan in certain circumstances envisaged in the Financing Agreement. As a result of the renewal and the use of a portion of the funds from the 2014 capital increase
- **Maturity:** The maturity of the Financing Agreement was set at 4 years from 26 June 2014 with the possibility of being extended up to a maximum period of 6 years (automatic extension by 1 year in the case of conversion of Tranche B into shares of Fomento de Construcciones y Contratas, S.A. and additional extension by 1 more year where this has been approved by an enhanced majority of 75% of entities financing Tranche B). After novation of the agreement, if Tranche B has not been converted, it will be extended automatically for an additional three-year period.
- **Repayment:** The repayment schedule includes EUR 150 million at 24 months and EUR 175 million at 36 months, and the remainder is payable on maturity. Tranche B is repayable on the original maturity date, notwithstanding its possible conversion into shares under the terms and conditions indicated below. However, if the entities financing Tranche B decide not to convert Tranche B into shares of Fomento de Construcciones y Contratas, S.A. on the original maturity date, the maturity of Tranche B will be automatically extended for an additional three-year period from the original maturity date.
- **Interest rate of Tranche A:** The interest rate established for Tranche A is Euribor plus a floating spread increasing over the period of 3% in the first year, 3.5% in the second year and 4% in the third and fourth years.
- **Cases of early maturity.** The Financing Agreement provides for certain cases of early maturity, which include, inter alia (i) non-payment; (ii) non-achievement of covenants; (iii) material adverse effect; (iv) insolvency proceedings involving any party to the Agreement or relevant subsidiary; and (v) cross default if other debts are not paid.
- **Cases of mandatory total early repayment.** The Financing Agreement provides for certain cases of mandatory total early repayment which include, inter alia (i) a change of control at the FCC Group (which involves the acquisition of control by a third party other than an industrial company or a credit institution of acknowledged solvency, experience and management capacity), unless it results from a monetary capital increase the funds of which are used for the purposes envisaged in the Financing Agreement, or from the acquisition of control as a result of a possible conversion into shares; or the loss of control of the current controlling shareholder that does not involve the acquisition of control by a third party; and (ii) the sale of all or a substantial portion of the assets or businesses of the Group.
- **Cases of mandatory partial early repayment.** Among other cases, the Financing Agreement provides for the obligation of the borrowers to repay, early and partially, the outstanding principal using (i) all of the net proceeds from monetary capital increases, unless (a) they are used to repurchase Tranche B debt (using the Dutch auction procedure); (b) and up to 25% of the proceeds from the capital increase may be used, at the Company's discretion, as contributions of funds to certain companies in which non-controlling interests are held, Excluded Subgroups (except for Alpine) or certain companies excluded from the FCC Refinancing Scope; (ii) the effective amount paid in by any FCC Group company party to the refinancing or any company in the FCC Refinancing Scope as a result of the subscription of subordinated debt; (iii) proceeds from insurance indemnity payments and the sale of assets, subsidiaries and businesses, except under certain circumstances; and (iv) cash surpluses existing at 31 December of each year which exceed certain minimum amounts.
- **Financial ratios and other borrower obligations.** The Financing Agreement is subject to the achievement of certain half-yearly financial ratios relating to the FCC Refinancing Scope the non-achievement of which may trigger a case for early repayment.

  At 31 December 2015, the ratios envisaged in this agreement had been achieved. Group management expects that they will also be achieved at 30 June 2016 and 31 December 2016.

- **Flexibility in the terms and conditions in the case of deleverage.** If all the circumstances concur, which in accordance with the Financing Agreement constitutes a case of deleverage of the FCC Refinancing Scope, the Financing Agreement provides for the automatic modification of certain conditions and obligations upon the borrowers including (i) the easing of partial early payment cases; and (ii) modification of the dos and don'ts obligations incumbent upon borrowers (including the removal of the prohibition on distributions to shareholders), establishing minimum thresholds triggering the prohibition of constitution of liens and encumbrances or limitations on the disposal and sale of assets when conducted under conditions other than market conditions.

  As a result of the aforementioned renewal, certain clauses were modified, thereby mitigating various restrictions imposed by the original Agreement, the most significant being: (i) Fomento de Construcciones y Contratas, S.A. can provide funding to Group companies other than the borrowers and guarantors if they meet certain requirements; (ii) the maximum amount of additional financial indebtedness which Fomento de Construcciones y Contratas, S.A. and other Group companies may incur has been increased; and (iii) the Company is entitled to distribute dividends to shareholders if certain conditions are met.

  At 31 December 2015, the Company did not meet the aforementioned conditions required under the Financing Agreement to distribute dividends to its shareholders.

- **Personal guarantees and security interests.** The Financing Agreement provides for personal guarantees whereby Fomento de Construcciones y Contratas, S.A. and Group companies acting as guarantors are jointly and severally liable for the fulfilment of the obligations of the other borrowers. In further assurance of compliance with the obligations under the Financing Agreement, certain security interests have been given by the borrowers including (i) a pledge of shares and ownership interests in various FCC Group companies; (ii) a pledge of collection rights relating to bank accounts; and (iii) a pledge of receivables under certain concession arrangements and other collection rights, as well as the grant of a promise of creating additional security interests in certain circumstances.

  There is a promise to create additional security interests in assets of any kind (property, plant and equipment, intangible assets or financial assets) and, in particular, in the Group's property assets which are not encumbered or subject to promises of guarantees, receivables or shares of or ownership interests in any company owned by it in any of the following cases: (i) if the majority of the financial institutions have requested this expressly in view of the circumstances at any given time (regardless of whether or not the additional security interests will be provided to all the guaranteed creditors); (ii) in a case of early maturity of the financing (regardless of whether or not the early maturity of the financing has been declared); or (iii) at any other time at which a guarantee may have become invalid or unenforceable, or may have been cancelled or reduced in any way.

  The obligation to create additional security interests will be automatic (i) when, having evidenced the existence of a legal or contractual restriction which impedes the provision of a personal guarantee by a significant subsidiary or other Group company or the existence of non-controlling shareholders outside the FCC Group, the shares or ownership interests in that significant subsidiary or company must be pledged; and (ii) in any of the cases in which security interests are extended to new contracts awarded to or formalised by the companies that form part of the areas of the Group engaging in the provision of urban cleaning and water services.

Main characteristics of Tranche B

- **Repurchase of Tranche B.** The Financing Agreement establishes that, in the event of a capital increase at Fomento de Construcciones y Contratas, S.A., the proceeds obtained from the increase may be earmarked for the acquisition of Tranche B debt through a Dutch auction process, which could allow for the repurchase of Trance B at a discount.

- **Interest rate of Tranche B.** The interest rate agreed upon was 1-year Euribor plus an annual fixed spread (PIK component) of 11% in the first year, 13% in the second year, 15% in the third year and 16% in the fourth year, with the Euribor payable in cash and the PIK component capitalisable at the end of each interest period. In accordance with FCC's New Restructuring Framework Agreement entered into in November 2014, the PIK component accrued and was capitalised at the reduced rate of 6% solely in relation to that portion of Tranche B that had been repaid and only with respect to the interest accrued from 26 June 2014 until 19 December 2014. As a result of the aforementioned novation of the FCC Financing Agreement, the interest rate on the PIK component was reduced from the aforementioned date to 5% per year on the portion not yet repaid after the novation (although for the portion of the Tranche B debt corresponding to the entities that opposed the court approval procedure associated with this novation, the extension to these entities of this reduction is still pending a court decision).

  The PIK component of the interest on Tranche B can be converted, temporarily and automatically (without the need for prior approval of the lenders) into a participating subtranche of Tranche B provided that, during the term of the FCC Financing Agreement, the financial adviser in the refinancing issues a report, at the Company's request, which determines that (i) even if the Company has adopted all the legal measures necessary to increase its equity, or if the adoption of such measures has not been possible, the Company is in a situation of mandatory dissolution pursuant to the Spanish Limited Liability Companies Law; and (ii) this situation of mandatory dissolution was caused exclusively by the accrual of the PIK component. The aforementioned conversion will be a temporary measure, applicable only as long as the circumstances that necessitated the conversion persist. Therefore, if at any time after the conversion Fomento de Construcciones y Contratas, S.A.'s equity position is totally or partially restored, the novation of the participating subtranche of Tranche B will take place automatically and it will be included once again in Tranche B in accordance with its original terms and conditions. The existence of a situation of mandatory dissolution that cannot be automatically remedied by converting the PIK component indicated in the preceding paragraph will constitute grounds for the early maturity of the FCC Financing Agreement. However, it may be agreed, with the approval of lenders whose aggregate share of Tranche B represents 75% or more of the total outstanding balance payable, to convert Tranche B into a participating loan up to the limit of the minimum amount necessary to remedy the situation of mandatory dissolution.

- **Conversion of Tranche B into shares.** As indicated previously, the Financing Agreement envisages that the full balance of Tranche B not yet paid (including the interest PIK component) can be converted into shares of the Company, primarily, and including other cases of early conversion, (i) in the event of failure to repay or refinance Tranche B on maturity (ordinary conversion); (ii) in a case of total or partial mandatory repayment, or a case of early maturity envisaged in the Financing Agreement (early conversion); or (iii) in a case of insolvency proceedings involving Fomento de Construcciones y Contratas, S.A., subject at all times to the condition that it is thus agreed upon by lenders whose aggregate share of Tranche B represents 75% or more of the total outstanding balance payable.

  The conversion right is instrumented through a warrants issue approved by the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 23 June 2014. The warrants give their holders the right to convert -up to six months after the original maturity date- a number of new shares of the Company in proportion to their share of the Tranche B debt (including principal and capitalised interest payable at the conversion date) at the market price of the shares upon exercise of the warrants, for which the higher would be considered of (i) the nominal value; and (ii) the value of the weighted average market price of the shares in the eight weeks prior to the date on which the conversion process is initiated (five months before the original maturity date) in the case of ordinary conversion, or the weighted average market price of the shares during the eight weeks after the date on which the conversion process is initiated, in the case of early conversion.

  The warrants were subscribed by the lending entities with a share in Tranche B and are transferable only in the amount of the corresponding share in Tranche B, which simultaneously requires the joint and indivisible transfer of Tranche A. The warrants will not be listed on any secondary market.

  In order to minimise the impact on the share price of the Company's shares that could result from the conversion, the lending entities assumed certain restrictions on the transfer of shares (lock up) and in relation to the orderly sale thereof.

However, it should be stressed that the warrants will not be convertible into shares of Fomento de Construcciones y Contratas, S.A. if prior to or on the conversion date the aforementioned Tranche B is repaid or if various circumstances arise together, including most notably: (i) that FCC has provided evidence of the reduction of the Net Financial Debt/ EBITDA Ratio of the FCC Refinancing Scope to under 4 times; (ii) that it has repaid at least EUR 1,500 million of the total financing granted through Tranche A and Tranche B; and (iii) that recurring EBITDA exceeds EUR 750 million. In these cases, the conversion of the warrants would be immediately deactivated, Tranche B would be converted into Tranche A and the spread applicable to the interest rate on the total of Tranche A would be set at 4.5%.

In accordance with the terms and conditions of the Refinancing Agreement, the aforementioned warrants enable new shares to be subscribed at their market value, which can be exercised on the conversion date and cannot be disposed of separately from the aforementioned share of Tranche B. Therefore, neither the disposal of the warrant, together with the corresponding share of Tranche B, nor the exercise of the option would give rise to the obtainment of any economic benefit for its holder, as it merely affords entitlement to subscribe new shares at their fair value. Therefore, the fair value of the derivative is zero, on both initial recognition and subsequent measurement.

Financial Stability Framework Agreement

To complement the main Refinancing Agreement, a Financial Stability Framework Agreement was entered into governing, inter alia, the financial transactions necessary for day-to-day business activity: domestic and international guarantees amounting to EUR 1,704 million and leasing, renting, reverse factoring, factoring and German models amounting to EUR 459 million for a period of four years; and the commitment -vis-à-vis the lenders- to automatically defer (in terms and conditions of repayment and maturity similar to those set out for Tranche A in the Financing Agreement) the claimability of certain contingent debt items from the time of accrual, as a result of initiating claims or executing security interests provided in relation to guarantees.

Syndicated international guarantee facility

Also, the grant of a new international guarantee facility was formalised amounting to EUR 250 million extendible to EUR 450 million, for a period of 4 years, extendible to 6 (in line with the possible extensions of the Financing Agreement).

Cementos Portland Valderrivas deferral agreement

The refinancing also includes the formal arrangement of an agreement entered into in March 2014 with the lending banks of Cementos Portland Valderrivas to defer Fomento de Construcciones y Contratas, S.A.'s obligation to contribute contingent capital of up to EUR 200 million to that subsidiary. The Agreement has a term of four years (extendible to six years), would enter into force from when Fomento de Construcciones y Contratas, S.A.'s contribution obligation became enforceable and would bear, as deferred contingent debt, an interest rate identical to that applicable to Tranche A of the Financing Agreement at any given time.

On 5 February 2015, under the New Restructuring Framework Agreement, EUR 100 million obtained in the 2014 capital increase were contributed to Cementos Portland Valderrivas in the form of a subordinated loan, which were used by Cementos Portland Valderrivas to reduce its financial indebtedness by this amount while at the same time Fomento de Construcciones y Contratas, S.A.'s obligations under the “CPV Support Agreement” were reduced by this amount.

Also, under the New Restructuring Framework Agreement, in December 2014 the lending entities agreed on the contribution by Fomento de Construcciones y Contratas, S.A. of EUR 100 million to Azincourt Investment, S.L., also with a charge to the 2014 capital increase, in order to enable it to repay a portion of its debt.

Also, there are bilateral loans/credit facilities totalling EUR 40,680 thousand (31 December 2014: EUR 72,895 thousand).

At year-end the long- and short-term financing granted to the Company by banks had a limit of EUR 3,794,365 thousand (31 December 2014: EUR 3,755,994 thousand), which had almost been drawn down in full at 31 December 2015 and 2014, since the signing of the syndicated financing agreement led to the repayment of most of the bilateral financing, with the undrawn balances added to "Cash" and, therefore, working capital needs started to be managed through cash.

18. Non-Current and Current Trade and Other Payables

a) Accounts payable to public authorities

The entire balance of "Trade and Other Non-Current Payables" and a portion of the balance of "Other Accounts Payable to Public Authorities" under "Trade and Other Current Payables" (see Note 20-a) include the deferral of the payment of certain prior years' taxes and social security contributions, authorised by the Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury, respectively. The deferred amounts are payable monthly up to a maximum of four years at an interest rate of 4-5%.

The detail of the aforementioned deferred payments is as follows:

	2015	2014
Non-current	6,931	92,615
Current	64,552	104,032
	71,483	**196,647**

b) Deferral of payment to suppliers in commercial transactions

In relation to the Resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 January 2016 implementing Final Provision Two of Law 31/2014, of 3 December, which amends Additional Provision Three of Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2015 that in Spain the Company operates mainly with public-sector customers such as the State, Autonomous Communities, Local Corporations and other public bodies which take longer to settle their payment obligations than the periods established in Public Sector Contract Legislation and in Law 3/2004, of 29 December, on combating late payment in commercial transactions.

It is important to note that the provisions of Article 228.5 of the current Consolidated Public Sector Contracts Law ("TRLCSP"), which enable the concession operator to agree with the suppliers payment periods in excess of those established in this Article provided that certain terms and conditions are met, were applied to agreements and supplies with third parties arising from contracts entered into by the Company with the various public authorities.

Due to this situation, in order to adapt the Company's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Company operates were maintained throughout 2015.

The Company's supplier payment policy described in the two preceding paragraphs is thus supported by a) payments to suppliers under agreements entered into by the Company with the public authorities in accordance with the requirements of Article 228.5 of the TRLCSP; and b) payments to other suppliers, in Transitional Provision Two of Law 15/2010 and, where applicable, the provisions of Article 9 of Law 3/2004, which does not consider "payment deferral due to objective reasons" to be abusive, taking into consideration in both case a) and case b) the usual payment period in the business sectors in which the Company operates.

Furthermore, the Company acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides them with negotiable payment methods associated with actions for collection of a bill of exchange. Such agreements, which are expressly provided for in the TRLCSP, as described above, are also allowed by Directive 2011/7/EU of 16 February, of the European Parliament and of the Council.

In addition, the Company has entered into reverse factoring and similar agreements with various financial institutions in order to facilitate early payment to its suppliers, under which the supplier may exercise its collection right vis-á-vis the Company, obtaining the amount billed less the discount finance costs and fees applied by the aforementioned entities. The facilities arranged total EUR 5,934 thousand, against which EUR 5,879 thousand had been drawn down at 31 December 2015. The aforementioned agreements do not modify the main payment conditions contained therein (interest rate, term or amount) and, therefore, they remain classified as trade payables.

In compliance with the aforementioned Resolution, the following table provides information on the average period of payment to suppliers for those commercial transactions which have accrued since the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014.

	2015
	Days
Average period of payment to suppliers	89
Ratio of transactions settled	84
Ratio of transactions not yet settled	105
	Amount
Total payments made	211,036
Total payments outstanding	85,558

For the purposes of the aforementioned Resolution, these financial statements are considered to be initial financial statements and, therefore, comparative data for the previous year are not presented.

19. Information on the Nature and Risks of Financial Instruments

The concept of financial risk refers to the changes in the financial instruments arranged by Fomento de Construcciones y Contratas, S.A. as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Company and the FCC Group is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In view of the Company's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

For capital management purposes, the fundamental aim of the Company and the FCC Group is to reinforce the financial and equity structure to improve the Debt/Equity Ratio, in an attempt, on the one hand, to reduce the cost of capital and in turn maintain capital adequacy, in order to continue managing its activities and, on the other, to maximise value for shareholders, not just at Group level, but also at the level of the Parent, Fomento de Construcciones y Contratas, S.A.

The fundamental base considered by the Company to be capital is reflected under "Equity" in the balance sheet, which for management and monitoring purposes excludes adjustments relating to changes in the fair value of financial instruments as they are considered within the management of interest rate risk since they result from the measurement of instruments that convert floating-rate debt into fixed-rate debt.

In addition to the contents of the preceding paragraph, it should also be noted that the Company's financial liabilities include two components which may be considered capital for management purposes: the convertible bonds and Tranche B of the refinancing, given its convertible nature in certain circumstances. In the first case, given the unlikelihood of the conversion of the bonds by the bondholders, this item is not included, due, also, to the unsubordinated nature of the bonds once the refinancing has been arranged. In the second case, despite the component which can be converted on maturity, it is considered solely to be financial debt, given the intention to repay it from when it is arranged.

In light of the industry in which the Company and the FCC Group operate, they are not subject to external capital requirements, although this does not prevent regular monitoring of capital being conducted in order to guarantee a financial structure that is based on compliance with the legislation in force in the countries in which they operate. Analysis is also performed of the capital structure of each of the subsidiaries in order to strike a suitable balance between debt and equity.

Proof of the foregoing are the capital increase of EUR 1,000,000 thousand performed at the end of 2014 and the recently announced capital increase of EUR 709,519 thousand, both of which are earmarked to strengthen the Company's capital structure.

In 2015 there were no significant changes in capital management.

b) Foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

Although the Company's reference currency and the currency with which it mainly operates is the euro, the FCC Group also has certain financial assets and liabilities denominated in currencies other than the euro. The foreign currency risk arises mainly on debt denominated in foreign currencies, on investments to be made in international markets and on amounts received in a currency other than the euro.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to fluctuations in foreign currencies, with regard to both transactional and purely equity-related changes. The Company therefore manages the effect that foreign currency risk can have on the balance sheet and the statement of profit or loss.

c) Interest rate risk

Fomento de Construcciones y Contratas, S.A. and the FCC Group are exposed to risks arising from interest rate fluctuations, since the financial policy aims to guarantee that their current financial assets and debt are partially tied to floating interest rates. The reference interest rate for the bank borrowings arranged in euros is mainly Euribor.

Any interest rate increase could increase the borrowing costs on the debt tied to floating rates and could increase, in turn, the refinancing costs of the debt and the costs involved in issuing new debt.

In order to ensure a position that is in the best interest of the Company and of the FCC Group, an interest rate risk management policy is actively implemented based on the ongoing monitoring of markets and on assuming different positions based primarily on the asset being financed.

The following table summarises the effect that the aforementioned increases and decreases in the interest rate yield curve on gross debt, after excluding any hedged debt, would have on the FCC Group's statement of profit or loss:

	Gross borrowings		
	+25 bp	+50 bp	+100 bp
Impact on the statement of profit or loss	10,744	21,488	42,977

d) Solvency risk

It should be noted in relation to "Solvency risk" that, although the Company's financial statements present losses of EUR 34,686 thousand, these relate mostly to the accounting losses or, as the case may be, non-recurring losses in certain investments at Group companies due to adjustments to certain investments at FCC Construcción, S.A. or to losses on the disposal of Cemusa in the case of FCC Versia, S.A., that do not affect cash and will not affect the borrowings of the Company and the FCC Group in the future (and, therefore, will similarly not affect their solvency risk). In relation to 2014, although the Company's financial statements presented losses of EUR 906,473 thousand, these also related mainly to the accounting losses or, as the case may be, non-recurring losses, due to the write-down of assets and adjustments to certain investments at the FCC Environment (UK) and FCC Construcción Groups, which are operating losses that did not affect cash and, similarly, did not affect and will not affect borrowings.

e) Liquidity risk

Fomento de Construcciones y Contratas, S.A. and the FCC Group perform their transactions in industries which require a high level of financing, and to date they have obtained adequate financing to be able to carry on their operations. However, they cannot guarantee that these circumstances relating to the obtainment of financing will continue in the future.

The capacity of the Company and of the FCC Group to obtain financing depends on many factors, many of which are outside their control, such as general economic conditions, the availability of bank funds and the monetary policies of the markets in which they operate. Unfavourable conditions in the debt and capital markets can obstruct or impede the obtainment of adequate financing for the performance of business activities.

Apart from seeking new sources of financing, the Company and the FCC Group may need to refinance a portion of their current debt through bank loans and debt issues, since a significant portion of the financing matures in 2018. Historically, the FCC Group has always been able to renew its loan agreements and expects to continue to do so over the next twelve months. However, the ability to renew the loan agreements depends on various factors, many of which are outside the control of the FCC Group, such as the general conditions of the economy, the availability of funds for loans from private investors and banks and the monetary policies of the markets in which it operates. Unfavourable conditions in the debt markets can obstruct or impede the FCC Group's capacity to renew its financing. Therefore, the FCC Group cannot guarantee its capacity to renew the loan agreements on economically attractive terms. The inability to renew these loans or ensure adequate financing on acceptable terms could have an adverse impact on the liquidity of Fomento de Construcciones y Contratas, S.A. and its Group and on its ability to cover working capital requirements.

In order to adequately manage this risk, Fomento de Construcciones y Contratas, S.A. closely monitors the maturities of all the credit lines and financing of each of the Group companies so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies any alternatives with more favourable terms. In addition, Fomento de Construcciones y Contratas, S.A. is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

With the entry into force of the refinancing and the capital increase in 2014, and the announcement of the new capital increase to be performed in 2016, the Company and the Group consider that the factors raising doubts as to their continuity no longer exist and they will be able to finance their business activities.

f) Concentration risk

This risk arises from the concentration of financing transactions with common features which are distributed as follows:

- Sources of financing: in order to diversify this risk, the Company and the FCC Group work with numerous Spanish and international financial institutions in order to obtain financing.
- Markets/Geographical area (Spanish and foreign): the Company operates basically in the domestic market and, therefore, the debt is concentrated mainly in euros.
- Products: the Company uses various financial products, including loans, credit facilities, bonds, syndicated transactions, factoring, discounting, etc.

g) Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Company, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

The Company and the FCC Group request commercial reports and assess the financial solvency of its customers before entering into agreements with them and also engage in ongoing monitoring of customers, and they have a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group's policy is not to accept projects without an allocated budget and financial approval. Offers exceeding a certain collection period must be authorised by Financial Management. Furthermore, late payment is monitored on an ongoing basis by specific bodies, such as the risk committees.

With respect to creditworthiness, the Company and the Group use their best judgement to recognise impairment losses on financial assets for which uncertainty exists as to their recoverability. Therefore, since most of the unprovisioned financial assets relate mainly to accounts receivable from public sector customers in the Construction and Environment Areas, there should be considered to be no risk of non-payment since the creditworthiness of those customers is high.

h) Financial derivatives designated as hedging instruments

In general, the financial derivatives arranged by the Company are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in the notes to the financial statements. The main financial risk hedged by the Company using derivative instruments relates to fluctuations in the floating interest rates to which the project financing of the joint venture Gestión Instalación III (see Note 8-b) is tied. Financial derivatives are measured by experts on the subject that are independent from the Company and the entities financing it, using generally accepted methods and techniques.

Sensitivity analyses are carried out periodically in order to observe the effect of a possible change in interest rates on the Company's accounts.

Accordingly, a simulation was performed using three rising basic yield curve scenarios for the euro with an average of around 0.48% in the medium and long term at 31 December 2015, assuming increases in the curve of 25 bp, 50 bp and 100 bp. The amounts obtained in relation to the derivatives in force at year-end with an impact on equity are shown below (in thousands of euros), after the application, where applicable, of the percentage of ownership.

	Hedging derivatives		
	+25 bp	+50 bp	+100 bp
Impact on equity:	206	408	800

20. Deferred Taxes and Tax Matters

a) Tax receivables and payables

The detail of the tax receivables and payables from/to public authorities is as follows:

a.1) Tax receivables

	2015	2014
Non-current		
Deferred tax assets	168,619	195,212
	168,619	**195,212**
Current		
Current tax assets	25,990	10,092
Other accounts receivable from public authorities	7,750	7,663
	33,740	**17,755**

The detail of “Deferred Tax Assets” is as follows:

	2015	2014
Impairment of investment portfolio	65,328	82,225
Non-deductible finance costs	57,329	57,329
Provisions	33,570	33,854
Other	12,392	21,804
	168,619	**195,212**

"Other" includes, inter alia, the differences for period depreciation and amortisation and the deferral of losses contributed by joint ventures which will be included in the tax base for the following year.

Management of Fomento de Construcciones y Contratas, S.A., Parent of Spanish tax group 18/89 (see Note 20-h), assessed the recoverability of the deferred tax assets by estimating the future tax bases relating to this group and concluded that there were no doubts as to their recoverability in a period of no more than ten years.

The estimates used are based on the plan launched in 2013 with the aim of reducing financial debt, reinforcing cash generation and focusing the activity on the critical strategic areas. The measures carried out as part of the aforementioned plan include the following: i) cuts to structural staff; ii) reorganisation in the operating areas to improve the efficiency of the contracts; iii) reduction of costs at facilities as a result of the reduced space used; and iv) divestments of non-strategic businesses To the foregoing measures we must add the reinforcement of the Company's capital structure through the capital increase of EUR 1,000 million performed at the end of 2014, which enabled debt to be reduced through the partial repayment and restructuring of Tranche B included in the refinancing of its bank borrowings arranged in June 2014, with the consequent saving in borrowing costs. Also, on 17 November 2015, the Board of Directors approved a new capital increase of EUR 709,519 thousand (see Notes 14 and 26). All of the foregoing will enable an improvement in gains and the obtainment of sufficient taxable profits to absorb the deferred tax assets.

a.2) Tax payables

	2015		2014	
Non-current				
Deferred tax liabilities		52,715		66,316
Other accounts payable to public authorities		6,931		92,615
		59,646		**158,931**
Current				
Other accounts payable to public authorities:		109,857		159,165
Tax withholdings payable	9,050		9,695	
VAT and other indirect taxes payable	19,335		22,005	
Accrued social security taxes payable	13,849		18,619	
Deferral of payments to public authorities (see Note 18)	64,552		104,032	
Other	3,071		4,814	
		109,857		**159,165**

The detail of “Deferred Tax Liabilities” is as follows:

	2015	2014
Acquisition differences	16,924	20,829
Accelerated depreciation and amortisation	12,759	18,847
Impairment of goodwill for tax purposes	8,381	8,381
Finance leases	6,100	10,099
Other	8,551	8,160
	52,715	**66,316**

"Other" includes, inter alia, the deferral of gains contributed by joint ventures which will be included in the tax base for the following year.

b) Reconciliation of the accounting loss to the taxable profit (tax loss)

The reconciliation of the accounting loss to the taxable profit (tax loss) for income tax purposes is as follows:

	2015			2014		
Accounting loss for the year before tax			**(23,611)**			**(895,953)**
	Increase	Decrease		Increase	Decrease	
Permanent differences	199,996	(143,778)	56,218	1,077,232	(282,803)	794,429
Adjusted accounting profit (loss)			32,607			(101,524)
Temporary differences:						
– Arising in the year	—	(54,463)	(54,463)	—	(24,815)	(24,815)
– Arising in prior years	33,923	—	33,923	31,894	(1,156)	30,738
Taxable profit (tax loss) arising from income and expense recognised in the statement of profit or loss			**12,067**			**(95,601)**
Taxable profit (tax loss) arising from income and expense recognised in equity			**—**			**(27,773)**
Taxable profit (tax loss)			12,067			(123,374)

The foregoing table includes notably the permanent differences relating to 2015 and 2014. These differences arose from:

- The impairment losses on the investments of tax group 18/89 and the reversals of impairment losses on investments in the remaining investees.
- The treatment as permanent differences of deferred tax assets generated in the year and the exemption to avoid the double taxation of dividends. Spanish Income Tax Law 27/2014, of 27 November, to be applied from 2015, eliminated the tax credit for double taxation of dividends, replacing it with the aforementioned exemption.

The changes in deferred tax assets and liabilities in 2015 and 2014 were as follows:

	Deferred tax assets	Deferred tax liabilities
Taxable temporary differences (statement of profit or loss liability method)		
Balance at 31/12/13	**218,311**	**63,274**
Arising in the year	—	347
Arising in prior years	(7,445)	(9,568)
Other adjustments	(16,377)	(8,949)
Balance at 31/12/14	**194,489**	**45,104**
Arising in the year	—	—
Arising in prior years	(15,250)	(9,498)
Other adjustments	(11,247)	(139)
Balance at 31/12/15	**167,992**	**35,467**
Temporary differences (balance sheet liability method)		
Balance at 31/12/13	**1,815**	**23,929**
Arising in the year	—	—
Arising in prior years	(1,092)	(113)
Other adjustments	—	(2,604)
Balance at 31/12/14	**723**	**21,212**
Arising in the year	—	—
Arising in prior years	(96)	(60)
Other adjustments	—	(3,904)
Balance at 31/12/15	**627**	**17,248**
Total at 31/12/15	168,619	52,715

"Other Adjustments" arose as a result of the positive or negative differences between the estimate of the tax expense or benefit at the accounting close and the amount per the subsequent settlement of the tax at the date of payment and of the adjustment of deferred tax assets and liabilities to the income tax rates applicable in 2015 (28%) and 2016 (25%).

c) Tax recognised in equity

At 31 December 2015, the tax recognised in equity amounted to EUR 10,379 thousand (31 December 2014: EUR 10,374 thousand) and related basically to the 2014 capital increase expenses.

d) Reconciliation of the accounting result to the income tax expense

The reconciliation of the accounting result to the income tax expense is as follows:

	2015	2014
Adjusted accounting profit (loss)	32,607	(101,524)
Income tax charge (28% for 2015 and 30% for 2014)	9,130	(30,457)
Inter-company double taxation tax credits (Note 20-b)	—	(6,648)
Other adjustments	1,945	47,625
Income tax expense	**11,075**	**10,520**

In 2014 "Other Adjustments" related basically to the adjustment of deferred tax assets and liabilities due to the change in tax rate mentioned in point b) above (EUR 17,023 thousand) and to the adjustment made as a result of the non-recognition of the tax losses that it is considered will not be able to be offset by the tax group in the income tax return for 2014 (EUR 28,932 thousand).

e) Breakdown of income tax expense

The breakdown of the income tax expense for 2015 and 2014 is as follows:

	2015	2014
Current tax	3,379	(35,328)
Deferred taxes	7,696	45,848
Total tax expense	**11,075**	**10,520**

f) Tax loss and tax credit carryforwards

At 2015 year-end the Company had tax loss carryforwards from 2014 amounting to EUR 47,860 thousand, as part of tax group 18/89. The Company did not recognise any deferred tax assets.

In addition, it should be noted that the Company had tax credit carryforwards amounting to EUR 7,203 thousand, for which, in the same way as for tax loss carryforwards, the Company did not recognised any deferred tax assets. The detail is as follows:

Tax credit	Amount	Period for deduction
Reinvestment tax credits	3,907	15 years
R&D+i activities	1,326	18 years
For Canary Islands general indirect tax	773	15 years
For domestic double taxation	583	Indefinite
Other	614	15 years
	7,203	

The Company also has unrecognised tax assets amounting to EUR 325 million relating to the impairment loss recognised in prior years on its ownership interest in Azincourt, S.L., a holding company which holds the shares of the UK company FCC Environment. The amount of the impairment recognised, which was deemed to be non-deductible for income tax purposes, amounts to EUR 1,300 million. This amount might be deductible for income tax purposes in the future if Azincourt, S.L. were to cease to form part of the FCC Group.

g) Years open for review and tax audits

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. On 8 June 2015, the State Tax Agency's Department of Tax and Customs Control served notice of the commencement of a tax audit for income tax (periods from 01/2010 to 12/2013) and VAT (period from 01/2012 to 12/2013). With respect to income tax, the audit will cover the entire 18/89 tax group, of which the Company is the Parent, whereas the VAT audit affects the Company and certain subsidiaries. In view of the criteria that the tax authorities might adopt in the interpretation of tax legislation, the outcome of the tax audits currently under way and any tax audits of the open years that could be conducted by the tax authorities in the future could give rise to contingent tax liabilities which cannot be objectively quantified at the present time. However, the Group's senior executives consider that any resulting liabilities would not significantly affect the Company's equity.

To comply with the legal requirements concerning transfer pricing, the Company has established the necessary procedures to support its transfer prices and considers that there are no significant risks that they could give rise to any contingent liabilities.

h) Tax group

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A., as the Parent, files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

i) Other tax disclosures

The detail of "Income Tax Recovered/(Paid)" in the statements of cash flows for 2015 and 2014 is as follows:

	2015	2014
Income tax recovered from/(paid to) Group companies in prior year	17,621	(84,249)
Deferred taxes	(9,741)	(31,636)
Pre-payments	(18,726)	(491)
Withholdings and other	(292)	125
	(11,138)	**(116,251)**

21. Guarantee Commitments to Third Parties and Other Contingent Liabilities

At 31 December 2015, Fomento de Construcciones y Contratas, S.A. had provided EUR 548,656 thousand (31 December 2014: EUR 646,633 thousand) of guarantees, mostly consisting of completion bonds provided to government agencies and private-sector customers as security for the provision of urban cleaning contract services.

At 2015 year-end the Company had also provided guarantees to third parties for certain Group companies amounting to EUR 283,849 thousand (31 December 2014: EUR 376,151 thousand). These include, most notably, EUR 186,854 thousand relating to Environmental Services companies and EUR 70,317 thousand relating to Construction companies in relation to the activity carried on by them.

Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it has interests are acting as defendants in lawsuits in relation to the liability inherent to the various business activities carried on by the Company in the performance of the contracts awarded, for which the related provisions have been recognised (see Notes 16 and 4-j). Accordingly, any resulting liabilities would not have a significant effect on the Company's equity.

With respect to the main contingent liabilities arising from the insolvency proceedings of the Alpine subgroup, it should be noted that the potential financial effects would be the outflow of cash of the amount indicated in the related claims detailed in Note 16 to these financial statements. In relation to the complaints filed on the one hand, by a bondholder against certain directors of Alpine Holding, GmbH, auditors of Alpine their partners and, on the other, a former director of Banco Hypo Alpe Adria, both are cases of complaints filed in the criminal jurisdiction, which are still being investigated and, therefore, the criminal liability (and civil liability that might arise and which is the sole quantifiable liability) prevent the determination of an amount and timing of the potential outflow of benefits until the amount that might arise in connection with the liability can be determined. In turn, the court proceedings brought by the insolvency managers of Alpine Holding GmbH for EUR 186 million are at a very preliminary stage and, since they constitute a new procedure, the legal arguments put forward by the parties, and the lack of any clear case law doctrine, it is to be supposed that the such proceedings may reach the Supreme Court, a situation which would give rise to a significant delay in the timing of the court proceedings, which, based on the preliminary estimates of the Group, could go on until 2020. In all cases, the possibility of indemnity payments is remote or practically non-existent.

In addition to the lawsuits related to Alpine, it should be noted that on 15 January 2015 the Competition Section of the Spanish National Markets and Competition Commission issued a resolution in relation to case file S/0429/12 for an alleged infringement of Article 1 of Spanish Competition Law 15/2007. The aforementioned resolution affects various companies and associations in the waste management industry, including FCC and other companies in the FCC Group. The Group filed an appeal for judicial review requesting as a precautionary measure the suspension of the enforcement of the resolution. On 29 April 2015, the Competition Section of the Spanish National Markets and Competition Commission agreed to suspend the enforcement of the resolution without the provision of a guarantee and on 10 September the Group submitted the statement of claim. No provision was recognised to cover the financial consequences of the aforementioned resolution, since it is considered that it is a court proceeding with a right of appeal and in which the definitive penalty to be imposed, where applicable, shall be specified in the decisions to be handed down and, accordingly, there is uncertainty as to the outcome of the aforementioned resolution, which does not allow for a reliable estimate to be made of the potential amount to be paid. The penalty imposed amounts to EUR 16,880 thousand and it is estimated that the potential cash outflow could be scheduled over a minimum period of three and a half or four years. Given the characteristics of the lawsuit, no indemnity payments will arise under any circumstance. However, the Group estimates that it is not likely that an outflow of resources will take place as a result of the aforementioned action.

It should be noted that the Group has two court proceedings underway in relation to the refinancing process performed in 2014 (see Note 17). On the one hand, the court-approval procedure applied to all the creditors in the syndicated loan was challenged by three creditors; on the other, the legal actions brought by a group of holders of convertible bonds to request payment of the accounts payable to them on an individual basis.

The Company has other lawsuits and court proceedings underway in addition to those detailed above from which no significant outflows of cash are expected to arise.

In relation to the Company's interests in joint operations managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements and other entities of a similar nature, the venturers share joint and several liability with respect to the activity carried on (see Note 13).

It should be noted in relation to the guarantees enforced or provided that the Company has not obtained significant assets as a result of guarantees enforced in its favour.

22. Income and Expenses

The revenue and the income from sales and services include the dividends and the accrued interest on the financing granted to investees (see Note 2). Substantially all of the balance of "Sales and Services" was earned in Spain.

The detail, by area, of "Sales and Services" is as follows:

	2015	2014
Environmental Services	1,145,245	1,200,700
Integral Water Management	50,059	55,401
	1,195,304	**1,256,101**

The detail of "Staff Costs" is as follows:

	2015	2014
Wages and salaries	562,737	585,015
Employee benefit costs	189,939	198,444
	752,676	**783,459**

The collective redundancy procedure initiated by the Company in 2013 was completed in January 2014. However, most of the terminations had been made by the end of 2013, and in 2013 EUR 13,547 thousand were recognised under "Staff Costs" in this connection. This amount includes termination benefits and the estimated social security obligations arising from this collective redundancy procedure.

“Impairment and Gains or Losses on Disposals of Non-Current Assets and Other Gains or Losses” includes a reversal of a provision amounting to EUR 10,000 thousand, relating to risks that are currently considered to be remote and the indemnity payment made to the former Second Deputy-Chairman and CEO as a result of their replacement amounting to EUR 8,375 thousand. In 2014 “Impairment and Gains or Losses on Disposals of Non-Current Assets and Other Gains or Losses” included a provision of EUR 64,000 thousand recognised to cover risks in international projects in relation to the insolvency proceedings of Alpine.

"Finance Income From Marketable Securities and Other Financial Instruments of Group Companies and Associates" includes the interest earned on the financing granted to investees (see Note 10), which includes most notably the following:

	2015	2014
FCC Aqualia, S.A.	19,106	13,289
Cementos Portland Valderrivas, S.A.	8,418	2,640
FCC Medio Ambiente, S.A.	8,334	11,150
Azincourt Investment, S.L. (Sole-Shareholder Company)	6,788	23,945
FCC Construcción, S.A.	5,171	30,152
Other	24,837	27,245
	72,654	**108,421**

In 2014 "Finance Income" included most notably EUR 135,000 thousand arising from a debt reduction agreed on in the novation of the financing agreement entered into as a result of the partial repayment of Tranche B of the loan, as indicated in Note 17-b.

The reduction of the borrowing costs in 2015 arose basically in relation to the capital increase performed in 2014 and the amendment to the terms and conditions as a result of the refinancing which was also arranged in that year.

Also, the new restructuring framework agreement (see Note 17-b) gave rise to the substantial modification of the refinancing terms and conditions and, therefore, in 2014 the Company charged all the expenses incurred in the refinancing already paid, amounting to EUR 61,374 thousand, to "Finance Costs - On Debts to Third Parties".

"Exchange Rate Differences" relate mainly to the differences arising on the loans in pounds sterling granted to FCC PFI Holdings Limited, Enviropower Investment Ltd. and FCC Environment (UK) Ltd.

23. Related Party Transactions and Balances

a) Related party transactions

The detail of the transactions with related parties in 2015 and 2014 is as follows:

	Group companies	Joint ventures	Associates	Total
2015				
Services rendered	95,152	16,192	1,929	113,273
Services received	27,484	533	155	28,172
Dividends	73,144	1,019	803	74,966
Finance costs	4,756	—	—	4,756
Finance income	72,127	—	527	72,654
2014				
Services rendered	68,488	10,539	908	79,935
Services received	27,320	563	343	28,226
Dividends	18,978	1,642	1,539	22,159
Finance costs	16,434	—	—	16,434
Finance income	103,710	4,662	49	108,421

b) Related party balances

The detail of the related party balances at 31 December 2015 and 2014 is as follows:

	Group companies	Joint ventures	Associates	Total
2015				
Current financial assets (Note 10)	220,466	417	929	221,812
Non-current financial assets (Note 10)	3,627,730	9,191	173,045	3,809,966
Current payables (Note 10)	332,833	130	46,667	379,630
Non-current payables (Note 10)	110,308	—	—	110,308
Trade receivables	94,661	267	5,224	100,152
Trade payables	15,499	247	12	15,758
2014				
Current financial assets (Note 10)	491,825	1,588	961	494,374
Non-current financial assets (Note 10)	3,658,826	9,223	77,205	3,745,254
Current payables (Note 10)	549,736	167	—	549,903
Non-current payables (Note 10)	200,774	—	—	200,774
Trade receivables	62,669	5,798	1,385	69,852
Trade payables	19,067	279	39	19,385

The detail of the trade receivables from and payables to Group companies and associates is as follows:

	2015		2014	
Company	Receivable	Payable	Receivable	Payable
FCC Construcción, S.A.	47, 376	1,702	31,603	1,800
FCC Aqualia, S.A.	11,924	946	3,503	1,266
FCC Medio Ambiente, S.A.	4,125	576	1,477	691
Serveis Municipals de Neteja de Girona, S.A.	3,237	—	2,410	—
Limpieza e Higiene de Cartagena, S.A.	2,635	19	3,702	—
FCC Industrial e Infraestructuras Energéticas, S.A.	2,493	425	1,459	1,039
Hidrotec Tecnología del Agua, S.L. (Sole-Shareholder Company)	2,322	164	3,080	516
Cementos Portland Valderrivas, S.A.	2,238	55	2,287	24
Ecoparc del Besòs, S.A.	2,183	—	2,609	5
FCC Saudí Co	2,168	2,166	1,580	—
Manipulación y Recuperación MAREPA, S.A.	1,850	438	597	57
Societat Municipal Medioambiental d'Igualada, S.L.	1,587	—	1,845	—
Gandia Serveis Urbans, S.A.	1,450	—	769	68
FCC Ámbito, S.A. (Sole-Shareholder Company)	1,443	73	1,709	182
Empresa Comarcal de Serveis Mediambientals del Baix Penedés ECOBP, S.L.	1,315	—	1,205	—
Servicios Urbanos de Málaga, S.A.	1,071	—	1,850	—
Servicios Especiales de Limpieza, S.A.	552	1,936	307	1,989
Tratamiento Industrial de Aguas, S.A.	153	2,548	82	5,642
Gestió i Recuperació de Terrenys, S.A. (Sole-Shareholder Company)	1	1,357	—	1,239
Other	10,029	3,353	7,778	4,867
	100,152	**15,578**	**69,852**	**19,385**

c) Remuneration of the Directors of the Company and Senior Executives of the FCC Group

The Directors of Fomento de Construcciones y Contratas, S.A. earned the following amounts (in thousands of euros):

	2015	2014
Fixed remuneration	2,044	2,900
Other remuneration (*)	5,046	2,625
	7,090(**)	**5,525**

(*) In 2015 Juan Béjar Ochoa earned variable remuneration of EUR 4,225 thousand (31 December 2014: EUR 2,000 thousand).

(**) Also, on 18 August 2015 Juan Béjar Ochoa ceased to discharge his position as CEO and left the Company, receiving in August an indemnity payment of EUR 8,375 thousand.

The Senior Executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 5,861 thousand in 2015 (2014: EUR 4,131 thousand).

2015	
Carlos M. Jarque Uribe	Chief Executive and CEO
Agustín García Gila	Chairman of Environmental Services
Felipe B. García Pérez	General Secretary
Miguel Jurado Fernández	Manager of FCC Construcción
Vicente Mohedano Martín	Manager of FCC Construcción
Miguel A. Martínez Parra	General Manager of Administration and Finance
Miguel Hernanz Sanjuán	General Internal Audit Manager
Julio Pastor Bayón	General Communication and Corporate Responsibility Manager
Félix Parra Mediavilla	General Manager of FCC Aqualia
Ana Villacañas Beades	General Organisation Manager

2014	
Agustín García Gila	Chairman of Environmental Services
Eduardo González Gómez	Chairman of FCC Aqualia and Director of Institutional Relations of FCC
José Luis Sáenz de Miera	Chairman and CEO of Cementos Portland Valderrivas
Miguel Jurado Fernández	Chairman of FCC Construcción
Juan José Drago Masià	General Administration Manager
Miguel Hernanz Sanjuán	General Internal Audit Manager
Victor Pastor Fernández	General Finance Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Ana Villacañas Beades	General Organisation Manager

In the past, an insurance policy was arranged and the premium paid to meet payment of the contingencies relating to death, permanent occupational disability, retirement bonuses and other items for some of the Executive Directors and Executives of Fomento de Construcciones y Contratas, S.A. (see Note 4-l). In 2014 a contribution was made through premiums for this insurance amounting to EUR 1,711 thousand and income amounting to EUR 609 thousand was received for rebates on premiums paid previously. No contribution was made or income received in this connection in 2015.

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees have been granted to the Directors and there are no pension or life insurance obligations to former or current Directors.

d) Detail of investments in companies engaging in similar activities and performance of similar activities by the Directors or persons related to them as independent professionals or as employees

In relation to the investments held by the Directors of Fomento de Construcciones y Contratas, S.A., or persons related to them, in the share capital of companies outside the FCC Group; or in relation to whether they, as independent professionals or as employees, engage in a similar or complementary activity to that which constitutes the company object of the Group; or in relation to whether they themselves or a person acting on their behalf have performed, with the Company or with any company of the same Group, other transactions outside the course of the Company's ordinary business operations or in conditions that were not on an arm's length basis; it should be mentioned that the aforementioned Directors have stated that they or persons related to them:

- Do not carry on, as independent professionals or as employees, any activity that is identical, similar or complementary to the activity that constitutes the Company's object.
- Do not own any investments in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- Had not performed, with the Company or any company of the same Group, other transactions outside the course of the Company's ordinary business operations, or in conditions that were not on an arm's length basis.

The detail of the Directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

Name or company name of Director	Group company name	Position
Gerardo Kuri Kaufmann	Cementos Portland Valderrivas, S.A.	CEO
	Realia Business, S.A.	CEO
Juan Rodríguez Torres	Cementos Portland Valderrivas, S.A.	Director
	Realia Business, S.A.	Non-Executive Chairman
Álvaro Vázquez de Lapuerta	Cementos Portland Valderrivas, S.A.	Director
Inmobiliaria AEG, S.A. DE C.V.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Chairman's Office
	Realia Business, S.A.	Director

These Directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

At the Annual General Meeting held on 25 June 2015 four Directors (Inmobiliaria AEG, S.A. de C.V., Inmuebles INSEO, S.A. de C.V., Alejandro Aboumrad González and Gerardo Kuri Kaufmann) were released so that they could hold a direct or indirect ownership interest and discharge executive or management positions at the companies of the Group to which the shareholders Control Empresarial de Capitales, S.A. de C.V. and Inmobiliaria Carso, S.A. de C.V. belong or at their investees or affiliates.

Also in 2015 various one-off conflicts of interest were reported with certain Proprietary Directors of Control Empresarial de Capitales, S.A. de C.V., which were resolved in accordance with the procedure established in the Board of Directors regulations. The Directors in question abstained in the related discussions and votes.

24. Information on the Environment

As indicated in Note 1, by their very nature, the Company's Environmental Services and Integral Water Management businesses are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact in accordance with the limits established in the relevant legislation.

The performance of production activities described above requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2015, the acquisition cost of the non-current assets assigned to the above activity totalled EUR 1,167,229 thousand (31 December 2014: EUR 1,141,628 thousand), with accumulated depreciation amounting to EUR 782,863 thousand (31 December 2014: EUR 749,991 thousand).

Company management considers that any possible contingencies in relation to the protection and improvement of the environment at 31 December 2015 would not have a material impact on the accompanying financial statements.

As indicated in Note 1, Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group which operates various business lines and, due to the nature thereof, pays particular attention to controlling the impact on the environment. These matters are discussed in detail in the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels, and provides the reader with more representative information than that included in this Note.

25. Other Disclosures

a) Employees

The average number of employees at the Company in 2015 and 2014 was as follows:

	2015	2014
Managers and university graduates	246	291
Professionals with qualifications	449	387
Clerical and similar staff	752	740
Other salaried employees	22,334	23,291
	23,781	**24,709**

At 31 December 2015 and 2014, the number of employees, Directors and Senior Executives of the Company, by gender, was as follows:

	Men	Women	Total
2015			
Directors	7	4	11
Senior executives	9	1	10
Managers and university graduates	196	32	228
Professionals with qualifications	356	103	459
Clerical and similar staff	283	385	666
Other salaried employees	17,437	4,903	22,340
	18,288	**5,428**	**23,714**

	Men	Women	Total
2014			
Directors	9	5	14
Senior executives	8	1	9
Managers and university graduates	213	33	246
Professionals with qualifications	350	104	454
Clerical and similar staff	306	414	720
Other salaried employees	17,199	4,861	22,060
	18,085	**5,418**	**23,503**

b) Fees paid to auditors

The 2015 and 2014 fees for financial audit services and for other professional services provided to the Company by the principal auditor Deloitte, S.L. and by other auditors participating in the audit are shown in the following table:

	2015			2014		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	214	—	214	214	—	214
Other attest services	127	—	127	1,241	230	1,471
Total audit and related services	**341**	**—**	**341**	**1,455**	**230**	**1,685**
Tax counselling services	50	12	62	—	181	181
Other services	322	1,828	2,150	263	3,089	3,352
Total professional services	**372**	**1,840**	**2,212**	**263**	**3,270**	**3,533**
Total	**713**	**1,840**	**2,553**	**1,718**	**3,500**	**5,218**

26. Events After the Reporting Period

As regards the capital increase agreed on by the Board of Directors on 17 December 2015 (see Note 4), on 5 February 2016 the reference shareholders of the Company, Ms Esther Koplowitz Romero de Juseu and the companies related to her (Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U.) entered into a novation agreement amending but not extinguishing the related investment agreement signed on 27 November 2014, with Inversora Carso, S.A. de C.V. (Carso) (the Guarantor) and its subsidiary Control Empresarial de Capitales, S.A. de C.V. (CEC) (the Investor). The main issues addressed in the aforementioned novation are as follows:

- The inclusion of Nueva Samede in the agreement, as a future new shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) following the new capital increase.
- The continuation of FCC's recapitalisation process, establishing the conditions and deadlines.
- The amendment of FCC's corporate governance regime, as regards the transfer of shares in the event that, as a result of the new capital increase and the subscription undertaking of the Investor and/or Guarantor (see Note 14), the investor owns more than 29.99% of the share capital with voting rights or acquires control of FCC, as well as the elimination of the provision relating to the maximum ownership interest of the parties in the Company's share capital.
- Undertakings in relation to the new capital increase: i) with respect to the sale of the pre-emption rights with which Nueva Samede undertakes to acquire and the current shareholders undertake to transfer all of the rights arising from the capital increase; ii) Nueva Samede will subscribe and pay in full shares for a maximum amount of EUR 159,504,126; iii) CEC will subscribe and pay in full shares for a maximum amount of EUR 182,178,126; iv) the possibility for CEC or Carso to subscribe additional FCC shares, pursuant to the terms and conditions provided for in the new capital increase prospectus, which could lead to their ownership interests in FCC after the capital increase being higher.
- Amendments to FCC's bylaws and changes to the composition of the Board of Directors in the event that CEC and/or Carso attain a percentage of the voting rights equal to or higher than 30% or they gain control over the Company in any other way.

Also, on 5 February 2016 Ms Esther Koplowitz Romero de Juseu, Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U. entered into a sale agreement for the pre-emption rights of the new capital increase and other complementary agreements. The main aspects included in the agreements refer to: i) establishing the terms and conditions that will govern the transfer of the pre-emption rights of Esther Koplowitz and Dominum Dirección y Gestión, S.A. resulting from the new capital increase to Nueva Samede, S.L.U.; ii) the subsequent exercise of the aforementioned rights by Nueva Samede; and iii) the undertaking of Carso (as the financing party) to finance Nueva Samede for the acquisition of the pre-emption rights and the payment of the shares arising from the new capital increase.

On 9 February 2016 the Securities Note was approved by the Spanish National Securities Market Commission. The pre-emption right period ran from 12 February to 26 February 2016, inclusive. The official listing of these new shares will be requested, and it is estimated that the official listing will take place on 4 March 2016.

As a result of the agreement of 12 February 2016 for the aforementioned new capital increase effective on that date, and pursuant to the terms and conditions established In the convertible bond issue (see Notes 14 and 17), the conversion price was recalculated to EUR 21.50 per ordinary share, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,325.58 ordinary shares.

27. Explanation Added for Translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I

Company	Carrying amount							2015 profit (loss)	
	Assets	Impairment	% of ownership	Dividends received	Share capital	Reserves	Other equity items	From operations	From continuing operations
Aparcamientos Concertados, S.A. Arquitecto Gaudí, 4 – Madrid -Car parks-	2,500	–	100.00	344	630	204	–	505	367
Armigesa, S.A. Pza. Constitución, s/n – Armilla (Granada) -Urban cleaning-	612	–	51.00	103	1,200	63	–	264	182
.A.S.A. Abfall Service AG Hans-Hruschka-Gasse, 9 - Himberg (Austria) -Saneamiento urbano-	226,784	—	Direct 99.9 Indirect 0.02	—	5,000	44,840	(1,212)	(9,820)	5,156
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13 - Madrid -Financial services-	3,008	—	Direct 43.84 Indirect 56.16	—	6,843	5,149	—	7,947	7,215
Azincourt Investment, S.L. (Sole-Shareholder Company) Federico Salmón, 13 – Madrid -Holding company-	1,545,686	1,300,110	100.00	–	4	140,921	(37,180)	(107)	(23,348)
Bvefdomintaena Beteiligungsverwaltung GmbH Nottendorfer, 11 – Vienna (Austria) -Corporate vehicle-	165	—	100.00	—	35	14	—	—	—
Cementos Portland Valderrivas, S.A. Dormilatería, 72 – Pamplona -Cementos-	409,552	14,072	Direct 70.22 Indirect 8.87	—	77,680	401,657	2,311	16,267	(26,573)
Compañía General de Servicios Empresariales, S.A. (Sole-Shareholder Company) Federico Salmón, 13 – Madrid -Corporate vehicle-	60	—	100.00	1	60	17	—	(1)	(1)
Corporación Española de Servicios, S.A. Federico Salmón, 13 – Madrid -Corporate vehicle-	44	—	Direct 99.99 Indirect 0.01	—	60	16	—	(1)	(1)
Dédalo Patrimonial, S.L. (Sole-Shareholder Company) Federico Salmón, 13 – Madrid -Holding company-	85,863	85,802	100.00	—	61	(85,802)	—	144	(4,745)

Company	Carrying amount							2015 profit (loss)	
	Assets	Impairment	% of ownership	Dividends received	Share capital	Reserves	Other equity items	From operations	From continuing operations
Ecoparque Mancomunidad del Este, S.A. Federico Salmón, 13 - Madrid -Urban cleaning-	16,803	—	Direct 99.99 Indirect 0.01	—	16,805	8,773	—	3,128	2,613
Egypt Environmental Services, S.A.E. Cairo - Egypt -Urban cleaning-	7,760	1,720	Direct 97.00 Indirect 3.00	1,799	36,400 (EGP)(*)	992 (EGP)(*)	—	23,890 (EGP)(*)	14,883 (EGP)(*)
Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L. Plaça del Centre, 3 - El Vendrell (Tarragona) -Urban cleaning-	200	—	66.60	246	540	109	151	578	373
Estructuras Energéticas Generales, S.A. (Sole-Shareholder Company) Federico Salmón, 13 - Madrid -Corporate vehicle-	50	—	Direct 51.00 Indirect 49.00	—	60	47,511	—	—	(1,172)
Europea de Gestión, S.A. (Sole-Shareholder Company) Federico Salmón, 13 – Madrid -Corporate vehicle-	63	—	100.00	—	60	22	—	(1)	(1)
FCC Aqualia, S.A. Federico Salmón, 13 – Madrid -Water management-	254,768	—	100.00	55,878	145,000	483,586	4,645	89,949	53,521
FCC Concesiones de Infraestructuras, S.L. Avenida Camino de Santiago, 40 - Madrid -Concessions-	3	—	100.00	—	3	—	—	—	—
FCC Construccion, S.A. Balmes, 36 – Barcelona -Construction-	1,728,051	719,703	100.00	—	220,000	385,960	—	59,735	(19,948)
FCC Equal CEE, S.L. Federico Salmón, 13 – Madrid -Social services-	3	—	Direct 99.97 Indirect 0.03	—	3	(35)	—	52	38

Company	Carrying amount							2015 profit (loss)	
	Assets	Impairment	% of ownership	Dividends received	Share capital	Reserves	Other equity items	From operations	From continuing operations
FCC Medio Ambiente, S.A. Federico Salmón, 13 – Madrid -Urban cleaning-	35,102	—	Direct 98.98 Indirect 1.02	—	43,272	39,823	—	20,197	7,507
FCC Versia, S.A. Avenida Camino de Santiago, 40 – Madrid -Management company-	62,624	62,624	100.00	—	125	52,582	—	(4,145)	(87,680)
Fedemes, S.L. Federico Salmón, 13 – Madrid -Real estate-	10,764	—	Direct. 92.67 Indirect 7.33	10,550	10,301	7,927	—	(943)	(493)
Gandia Serveis Urbans, S.A. Llanterners, 6 – Gandia (Valencia) -Urban cleaning-	78	—	95.00	—	120	1,882	—	1,734	679
Geneus Canarias, S.L. Electricista, 2 Urb. Ind. D e Salinetas Telde (Las Palmas) -Waste treatment-	1,762	—	100.00	—	1,714	485	558	104	(47)
Geral I.S.V. Brasil Ltda. Río Branco, 131 – 10º – Andar Parte Centro Río de Janeiro (Brasil) -Vehicle roadworthiness testing-	21	—	100.00	—	—	—	—	—	—
Limpiezas Urbanas de Mallorca, S.A. Ctra. Can Picafort, s/n – Santa Margalida (Baleares) -Urban cleaning-	5,097	—	Direct 99.92 Indirect 0.08	—	308	4,789	—	40	30
Per Gestora Inmobiliaria, S.L. Federico Salmón, 13 – Madrid -Corporate vehicle-	71,552	5,951	Direct 99.00 Indirect 1.00	—	60	62,438	—	950	3,786
Serveis Municipals de Neteja de Girona, S.A. Pza. del vi, 1– Girona -Urban cleaning-	45	—	75.00	83	60	25	—	(241)	(384)

Company	Carrying amount							2015 profit (loss)	
	Assets	Impairment	% of ownership	Dividends received	Share capital	Reserves	Other equity items	From operations	From continuing operations
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A. Doctor Jiménez Rueda, 10 – Atarfe (Granada) -Waste treatment-	1,334	117	60.00	—	2,224	(46)	—	(120)	(110)
Sistemas y Vehículos de Alta Tecnología, S.A. Federico Salmón, 13 - Madrid -High-technology equipment retailing-	5,828	—	Direct. 99.99 Indirect 0.01	—	180	5,616	—	1,181	1,280
Societat Municipal Medioambiental d'Igualada, S.L. Pza. del Ajuntament, 1 – Igualada (Barcelona) -Urban cleaning-	870	—	65.91	13	1,320	71	—	36	(34)
Tratamientos y Recuperaciones Industriales, S.A. Rambla Catalunya, 2-4 – Barcelona -Waste treatment-	21,455	13,932	Direct 74.92 Indirect 0.08	4,125	72	2,645	—	2,822	2,101
Valoración y Tratamiento de Residuos Urbanos, S.A. Riu Magre, 6 – Pol. Ind. Patada del Cid– Quart de Poblet (Valencia) -Waste treatment-	4,000	—	80.00	—	5,000	863	—	1,287	825
Total	**4,502,507**	**2,204,031**		**73,142**					

(*) (EGP): Egyptian pounds.

Note:

– Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its market price at the balance sheet date was EUR 5.22. The average market price in the last quarter of 2014 was EUR 4.82.

– As required by Article 155 of the Consolidated Text of the Spanish Limited Liability Companies Law, in 2015 the Company made the requisite notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

Appendix II

	% of ownership
ABASTECIMIENTO VILLALÓN	20.00
AGARBI	60.00
AGUAS TOMELLOSO	20.00
AKEI	60.00
ALCANTARILLADO MELILLA	50.00
ALELLA	50.00
ALUMBRADO BAZA	100.00
ARCOS	51.00
ARUCAS II	70.00
ASEOS EMT UTE	50.00
BARBERA SERVEIS AMBIENTALS	50.00
BILBOKO LORATEGIAK	60.00
BILBOKO SANEAMENDU	50.00
BILBOKO SANEAMENDU BI	50.00
BIOCOMPOST DE ÁLAVA	50.00
BIZKAIAKO HONDARTZAK	25.00
BOADILLA	50.00
BOMBEO ZONA SUR	100.00
CANA PUTXA	20.00
CANGAS	50.00
CASTELLAR DEL VALLÈS	50.00
CENTRO DEPORTIVO GRANADILLA DE ABONA	20.00
CENTRO DEPORTIVO VILLENA	81.83
CGR GUIPUZCOA	35.14
CHIPIONA	50.00
CLAUSURA SAN MARCOS	40.00
COLEGIOS SANT QUIRZE	50.00
CONSERVACIÓN DE GALERÍAS	50.00
CONSERVACION GETAFE	20.00
CONSERVACIÓN Y SISTEMAS	60.00
CONTENEDORES LAS PALMAS	30.00

	% of ownership
CONTENEDORES MÓSTOLES	30.00
CTR DE L'ALT EMPORDÀ	45.00
CTR-VALLÈS	20.00
CUA	50.00
CYCSA-EYSSA VIGO	50.00
DEIXALLERIES	20.00
DONOSTIAKO GARBIKETA	70.00
DOS AGUAS	35.00
ECOPARQUE CÁCERES	50.00
ECOURENSE	50.00
EDAR ALMANSA	5.00
EDAR CUERVA	5.00
EDAR RANILLA	25.00
EDAR REINOSA	5.00
EDAR SAN VICENTE DE LA BARQUERA	5.00
EFIC. ENERG. PUERTO DEL ROSARIO	60.00
EDIFICIO ARGANZUELA	99.99
ENERGÍA SOLAR ONDA	25.00
ENLLUMENAT SABADELL	50.00
ENVASES LIGEROS MÁLAGA	50.00
EPELEKO PLANTA	35.00
ERETZA	70.00
ES VEDRA	25.00
EXPL. PL. BIO LAS DEHESAS	50.00
F.L.F. LA PLANA	47.00
F.S.S.	99.00
FCC SANEAMIENTO LOTE D	100.00
FCC, S.A. LUMSA	50.00
FCC – ACISA - AUDING	45.00
FCC – AQUALIA SALAMANCA	5.00
FCC - ERS LOS PALACIOS	50.00

	% of ownership
FCC – FCCMA ALCOY	20.00
FCC – FCCMA R.B.U. SAN JAVIER	20.00
FCC – FCCMA SEGRIÀ	20.00
FCC – HIJOS DE MORENO, S.A.	50.00
FCC – PALAFRUGELL	20.00
FCC – PERICA	60.00
FCC – SUFI MAJADAHONDA	50.00
FCCSA – GIRSA	80.00
FCCSA – VIVERS CENTRE VERD, S.A.	50.00
FONT BARO DE VIVER	100.00
GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
GESTIÓN INSTALACIÓN III	34.99
GESTION SERVICIOS DEPORTES CATARROJA	100.00
GIREF	20.00
GIRSA – FCC	20.00
GOIERRI GARBIA	60.00
GUADIANA	20.00
ICAT LOTE 11	50.00
ICAT LOTE 15	50.00
ICAT LOTE 20 and 22	70.00
ICAT LOTE 7	50.00
INTERIORES BILBAO	80.00
JARD. UNIVERSITAT JAUME I	50.00
JARDINES MOGAN	51.00
JARDINES PROTECCIÓN ESPECIAL	50.00
JARDINES TELDE	95.00
JUNDIZ II	51.00
LA CANDA	30.00
LA LLOMA DEL BIRLET	80.00
LEGIO VII	50.00
LEKEITIOKO MANTENIMENDUA	60.00

	% of ownership
LIMPIEZA CARRIL BUS	30.00
LIMPIEZA Y RSU LEZO	55.00
LODOS ARAZURI	50.00
LOGROÑO LIMPIO	50.00
LOTES A Y B FUENLABRADA 2010	50.00
LV RSU VITORIA-GASTEIZ	60.00
LV Y RSU ARUCAS	70.00
LV ZUMAIA	60.00
LV ZUMÁRRAGA	60.00
MANACOR	30.00
MANCOMUNIDAD DE ÓRBIGO	20.00
MANTENIMENT REG DE CORNELLÀ	60.00
MANTENIMIENTO DE COLEGIOS III	60.00
MELILLA	50.00
MÉRIDA	10.00
MMT 5º CONTENEDOR	60.00
MNTO. MEDITERRANEA FCC	50.00
MNTO. INSPECCION DE TRABAJO	100.00
MURO	20.00
NERBIOI IBAIZÁBAL 5º CONTENEDOR	60.00
NIGRÁN	10.00
ONDA EXPLOTACIÓN	33.33
PÁJARA	70.00
PAMPLONA	80.00
PASAIA	70.00
PASAIAKO PORTUA BI	45.00
PISCINA CUB. MUN. ALBATERA	93.00
PISCINA CUB. MUN. L'ELIANA	100.00
PISCINA CUBIERTA BENICARLÓ	65.00
PISCINA CUBIERTA C. DEP. ALBORAYA	99.00
PISCINA CUBIERTA MANISES	100.00
PISCINA CUBIERTA PAIPORTA	90.00
PLANTA RSI TUDELA	60.00

	% of ownership
PLANTA TR. FUERTEVENTURA	70.00
PLANTA TRATAMIENTO VALLADOLID	90.00
PLATGES VINARÓS	50.00
PLAYAS GIPUZKOA	55.00
PLAYAS GIPUZKOA II	55.00
UTE PONIENTE ALMERIENSE	50.00
POSU – FCC VILLALBA	50.00
PUERTO DE PASAIA	55.00
PUERTO DE PTO. DEL ROSARIO	70.00
PUERTO	50.00
PUERTO II	70.00
QUINTO CONTENEDOR	50.00
R.B.U. VILLA-REAL	47.00
R.S. UTE PONIENTE ALMERIENSE	50.00
REDONDELA	10.00
REPARACIONES CASA CAMPO	100.00
REPOSTADOS ENTREVÍAS	50.00
RESIDUOS 3 ZONAS NAVARRA	60.00
RSU TOLOSALDEA	60.00
S.U. BENICASSIM	35.00
S.U. BILBAO	60.00
S.U. OROPESA DEL MAR	35.00
SALTO DEL NEGRO	50.00
SAN FERNANDO	20.00
SANEAMIENTO URBANO CASTELLÓN	65.00
SANEAMIENTO VITORIA-GASTEIZ	60.00
SANEJAMENT CELLERA DE TER	50.00
SANEJAMENT MANRESA	80.00
SANT QUIRZE DEL VALLÉS	50.00
SANTOMERA	60.00
SASIETA	75.00
SAV - FCC TRATAMIENTOS	35.00
SELECTIVA LAS PALMAS	55.00

	% of ownership
SELECTIVA SAN MARCOS	65.00
SELECTIVA SAN MARCOS II	63.00
SELECTIVA UROLA-KOSTA	60.00
SELLADO VERTEDERO LOGROÑO	50.00
SERAGUA-FCC-VIGO	50.00
SIMÓN HERNÁNDEZ	50.00
SOLARES CEUTA	50.00
STA. COLOMA DE GRAMANET	61.00
S.U. ALICANTE	30.00
TABLADA	20.00
TOLOSAKO GARBIKETA	40.00
TORREJÓN	25.00
TRANSPORTE SAN MARCOS	80.00
TÚNEL PUERTO ALGECIRAS	30.00
TXINGUDIKO GARBIKETA	73.00
UROLA ERDIA	60.00
URRETXU Y ZUMÁRRAGA	65.00
URTETA	50.00
VALDEMORO	100.00
VALDEMORO 2	100.00
VERTEDERO GARDELEGUI II	70.00
VERTEDERO GARDELEGUI III	70.00
VERTRESA	10.00
VIDRIO MELILLA	50.00
VIGO RECICLA	70.00
VILLALÓN DE CAMPOS	20.00
VINAROZ	50.00
ZAMORA LIMPIA	30.00
ZARAGOZA DELICIAS	51.00
ZARAUZKO GARBIETA	60.00
ZUMAIA	60.00
ZURITA	50.00
ZURITA II	50.00

Appendix III

Company	Carrying amount							2015 profit (loss)	
	Assets	Net impairment losses	% of ownership	Dividends received	Share capital	Reserves	Other equity items	From operations	From continuing operations
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93 – Barcelona -Urban cleaning-	2,621	—	Direct 31.00 Indirect 54.00	403	7,710	1,555	16,514	4,986	2,168
Ecoserveis Urbans Figueres, S.L. Avda. Alegries, s/n – Lloret de Mar (Girona) -Urban cleaning-	301	—	50.00	132	601	121	—	167	168
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1 – Torrox (Málaga) -Urban cleaning-	298	—	50.00	79	600	280	—	640	462
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Avda. Zorreras, 1 – Rincón de la Victoria (Málaga) -Urban cleaning-	301	—	50.00	27	601	229	—	33	(27)
FM Green Power Investments, S.L. Federico Salmón, 13 – Madrid -Energy-	273,514	266,286	49.00	—	86,753	54,513	—	—	(48)
Gestión Integral de Residuos Sólidos, S.A. Profesor Beltrán Ibaquena, 4 – Valencia -Urban cleaning-	10,781	5,554	49.00	—	13,124	(1,537)	325	(645)	(942)
Ingeniería Urbana, S.A. Pol. Industrial Pla de Vallonga, s/n – Alicante -Urban cleaning-	3,786	—	35.00	379	6,010	6,030	—	365	736
Palacio de Exposiciones y Congresos de Granada, S.A. Ps. del Violón, s/n – Granada -Equipment management-	255	255	50.00	—	510	(1,731)	—	(724)	(640)

Company	Carrying amount							2015 profit (loss)	
	Assets	Net impairment losses	% of ownership	Dividends received	Share capital	Reserves	Other equity items	From operations	From continuing operations
Port Torredembarra, S.A. Edificio Capitanía Puerto Deportivo y Pesquero Torredembarra (Tarragona) -Operation of marinas-	273	—	Direct 15.71 Indirect 13.09	—	1,865	203	—	(189)	(188)
Realia Business, S.A. Paseo de la Castellana, 216 – Madrid -Real estate-	156,198	—	Direct 34.38 Indirect 2.58	—	110,580	139,940	—	(11,740)	(31,456)
Servicios Urbanos de Málaga, S.A. Ulises, 18 – Madrid -Urban cleaning-	1,610	—	51.00	—	3,156	630	—	(1)	(1)
Suministros de Agua de Querétaro S.A. de C.V. Santiago de Querétaro (México) -Water management-	4,367	—	Direct 24.00 Indirect 2.00	802	347,214 (MXN)(*)	374,455 (MXN)(*)	—	226,109 (MXN(*)	116,775 (MXN(*)
Total	**454,305**	**272,095**		**1,822**					

(*) (MXN): Mexican Pesos.

Note:

– Of the companies shown above, only Bolsa Realia Business, S.A. is a listed company and its market price at the balance sheet date was EUR 0.76. The average market price in the last quarter of 2014 was EUR 0.72.

– As required by Article 155 of the Consolidated Text of the Spanish Limited Liability Companies Law, in 2014 the Company made the requisite notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

Directors' Report

Fomento de Construcciones y Contratas, S.A.

This report was prepared in accordance with the guidelines established in the "Guide for the preparation of directors' reports of listed companies" published by the Spanish National Securities Market Commission (CNMV).

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01. Company Situation

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group and holds direct or indirect ownership of the investments in the Group's businesses and areas of activity. Consequently, with a view to providing information on the economic and financial events that took place during the year, placing them in their appropriate context, the Consolidated Director's Report of the FCC Group is as follows.

1.1. Company situation: Organisational structure and management decision-making process

The organisational structure of FCC Group is based on a first level made up of areas, which are divided into two large groups which are operational and functional.

The operating Areas encompass all the activities relating to the production line. As described in greater detail in Note 1 to the consolidated financial statements, the FCC Group is composed of the following operating Areas:

- **Environmental Services.**
- **End-to-End Water Management.**
- **Construction.**
- **Cement.**

Each of these operating Areas is presided over by one or various Specialised Companies, which report to FCC and encompass the activities inherent to the Group.

The functional Areas that provide support to the operating Areas are as follows:

- **General Secretariat:** legal affairs of the FCC Group and coordination of the functioning of the various managing bodies.
- **Organisation:** includes the Human Resources, Information Technologies and Systems and Aggregate Purchasing departments.
- **Administration:** administrative management, general accounting, tax management and administrative procedures.
- **Finance:** financial management of the FCC Group, relations with financial institutions, capital markets, shareholders, stock markets and the CNMV, financial analysis of investments, integrated Group financial management and control, management, budgetary and planning control.
- **Internal Audit:** effective oversight of the Internal Control System, which contributes to Good Corporate Governance, verifies correct compliance with applicable legislation and reduces the potential impact of risks in the attainment of the FCC Group's objectives.
- **Communication and Corporate Responsibility:** management of Communication Services, Corporate Image and Corporate Responsibility.

On a secondary level, the Areas may be divided into Sectors –operating Sectors– and Divisions –functional Divisions– creating spheres permitting greater specialisation when required.

The structure of the decision-making bodies is as follows:

- **Board of Directors:** this is the body with the widest-reaching, unrestricted powers, except for those expressly reserved by the Spanish Limited Liability Companies Law or the Bylaws, to the powers of the shareholders at the General Meeting.
- **Strategy Committee:** this supports the Board of Directors in determining the Group's strategy, in accordance with the guidelines agreed on by the latter, by preparing the corresponding reports and proposals, reporting on the investment and divestment proposals, association agreements, third-party agreements, development of new lines of business and financial transactions that might affect the Group's strategy.
- **Executive Committee:** the Board of Directors delegates the widest-reaching powers to the Executive Committee, which may exercise all the functions and powers conferred by the Bylaws and the Spanish Limited Liability Companies Law to the Board of Directors, with the sole exception of those that cannot be delegated.
- **Audit and Control Committee:** its main function is to support the Board of Directors in its supervisory tasks, through the periodic review of the process for preparing economic and financial information, its internal controls and independence of the external auditor.

- **Nomination and Remuneration Committee:** this supports the Board of Directors in relation to the proposals for the nomination, re-election, ratification and termination of Directors, establishes and controls the remuneration policy of the Company's Directors and Senior Executives and the fulfilment by the Directors of their duties, particularly in relation to situations of conflicts of interest and related party transactions.
- **Management Committee:** each of the Group's business units has a Management Committee.

More detailed information on the functions of the FCC Group's decision-making bodies is provided in section 1 of the Internal Control over Financial Reporting system (ICFR) report.

1.2. Company situation: Company business model and strategy

1.2.1. Business model

FCC is one of the main European groups specialised in environmental services and infrastructure development, with a presence in over 34 countries worldwide. Over 47% of its billings arise from international markets, mainly Europe, Latin America and the US.

Environmental Services

The Environmental Services Area has a solid presence in Spain and has been leader in the provision of environmental urban services for over 100 years, with a solid presence in the international sphere.

In Spain, environmental services activity is stabilising, with volumes and levels of profitability that are even above those witnessed in the period prior to the crisis. FCC has retained its position of leadership in these activities as a result of contract renewals and new contract awards. Although 2015 was a year of elections, public-sector tendering also stabilised, putting an end to the period of budget cutbacks in waste collection, street cleaning and green area upkeep activities. Contracts have been re-sized, with the adaptation of human and material resource levels. Tendering increased in the Energy Efficiency Area, which has expanded as a result.

Activity in the Waste Treatment Area continues to slow as a result of the significant volume of investment required and of the delay in the implementation of the Spanish National Waste Plan. It should also be noted that although the special supplier payment plans promoted by the Government have come to an end the average collection periods have generally been maintained.

The Environmental Services Area also includes the Industrial Waste sector, in which FCC operates mainly in Spain, Portugal and the US. In Spain, it manages hazardous waste (with a market share of approximately 25%, making it market leader) and non-hazardous waste. In relation to recoverable non-hazardous industrial waste, FCC focuses mainly on the recovery of paper, cardboard, plastic and glass. It also engages in soil decontamination. In Portugal, FCC focuses on the management and treatment of hazardous industrial waste. The Company is the market leader with a market share of approximately 50%. In the US the Company engages mainly in the management of waste from oil field drilling activities.

The international business is carried on chiefly in the UK and Central and Eastern Europe through the subsidiaries FCC Environment (UK) Limited and .A.S.A. Abfall Service AG (headquartered in Austria), respectively. For a good number of years now FCC has led markets both in integral urban solid waste management and in other environmental services. 2015 saw a slight increase in the volume of business due to the economic recovery. Work continued on the industry transformation process, with a reduction of the share of the landfill waste disposal market and an increase in the share of the recycling, treatment and incineration market. This transformation process is driven by measures such as the increase in the landfill tax (particularly significant in the UK in recent years) contained in European Directives.

End-to-End Water Management

FCC serves more than 13 million people in over 850 municipalities in Spain. In Central and Eastern Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. FCC engages in water treatment plant construction and operation in Latin America, the Middle East and North Africa. Globally, FCC Aqualia provides water supply and/or sewage treatment services to over 23 million people.

In 2015 the volume of water sales in Spain increased slightly for the first time since the economic crisis began, particularly in coastal areas. Since Spanish municipal elections were held in 2015, local government tendering for new contracts was very limited.

In 2015 FCC Aqualia restructured its organisation in Spain, setting up a new National Division and three regional Areas or structures, grouping together on the basis of geographical considerations all the end-to-end water cycle activities (concessions, urban and industrial operating and maintenance activities and networks and technology). This will concentrate efforts and improve the Group's commercial position.

On the international stage, FCC Aqualia's commercial activities focus on Europe, North Africa, the Middle East, India, North America and Latin America, where it currently has contracts underway in Portugal, Italy, the Czech Republic, Serbia, Bosnia, Montenegro, Kosovo, Poland, Algeria, Tunisia, Egypt, Saudi Arabia, Abu Dhabi, Qatar, India, Mexico, Uruguay and Chile.

Construction

This Area is mainly involved in the design and construction of large civil engineering and industrial works and building construction projects. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

Revenue from international markets represents approximately 55% of the total.

Noteworthy in the European market is the contract for supplementary construction work for the extension of Line 5 of the Bucharest (Romania) metro amounting to EUR 66.6 million.

In the Central and South American market, in 2015 the Group, through a consortium, was awarded the contract for the construction of Line 2 of the Panama City (Panama) metro for EUR 739.5 million. Also noteworthy are the contracts awarded for the construction of a highway in the municipality of Cañas Gordas (Colombia), including the Toyo Tunnel, for EUR 141.3 million, for the construction of stretch 5 of the Ruta Norte peaje Lampa (Chile) toll road for EUR 77.2 million and for the improvement of access routes to Iquique (Chile) for EUR 20.7 million.

Cement

The FCC Group carries on its cement activity through Cementos Portland Valderrivas, S.A. (CPV), a company traded on the Spanish Stock Market Interconnection System, in which it holds a 78% ownership interest. FCC's ownership interest in Cementos Portland Valderrivas was strengthened through the capital increase carried out in 2014. Its activity is geared towards the operation of quarries and mineral deposits for the manufacture of cement, which accounts for approximately 88% of the Area's total revenue. The remaining 12% is achieved through waste management and the concrete, mortar and aggregates businesses.

With regard to its geographical diversification, 66% of revenue is obtained in international markets. CPV has a presence in Spain, Tunisia and the US, although the company also exports mainly to the UK, North Africa and Canada.

CPV has an estimated penetration of 23% in Spain and 21% in Tunisia. Following seven consecutive years of falling activity in the Spanish market, 2015 saw slight growth in the volume of business. CPV's main objective continues to be to remain competitive in terms of both costs and market share in the markets in which it operates, attempting to retain its status as an industry benchmark in all the countries in which it has a presence.

1.2.2. Group strategy

The Group's strategic objectives are based on strengthening its position as world leader in Environmental Services and End-to-End Water Management businesses, while maintaining its presence in the cement industry and in highly profitable construction projects. The Group's strategy is based on the following main pillars:

1. Strengthening the Environmental Services and End-to-End Water Management businesses

The End-to-End Water Management and Environmental Services Areas have a profitable business model and are low risk. Consequently, the Group's strategy focuses on strengthening its position as world leader in both Environmental Services and the water industry, as well as in the cement market, with a presence in profitable construction projects. Furthermore, the Group plans to create new lines of business to support its international growth and enable it to expand throughout Latin America, Central Europe, the Middle East, North Africa and the US..

2. Leveraging the Environmental Services and End-to-End Water Management businesses with a view to international expansion

The expansion of Environmental Services and End-to-End Water Management is key to the Group's strategy. It considers that the growth of these areas reduces its risk as a business and boosts the Group's geographical diversification. In Environmental Services, Latin America is a noteworthy target for new opportunities whilst the businesses in Central Europe are being leveraged. For the End-to-End Water Management business, the goal is to expand in Latin America, the Middle East, North Africa and the US, while taking advantage of the Group's presence in Spain. In order to achieve these objectives, the Group has specialised teams that have extensive experience in international expansion, including the penetration of new markets such as Chile, Tunisia and Saudi Arabia.

3. Strengthening flexibility and profitability in construction-related activities

The Group does not wish to have a capital-intensive business model for construction projects and it is enhancing the flexibility of its operations, maximising revenue and optimising costs.

4. Optimising the capital structure

The Group's objective is to achieve a viable capital structure with reasonable liquidity indicators. To achieve this, it has put in place a number of measures, including a refinancing drive. The Group also aims to maintain the flexibility required to make the most of the growth opportunities that arise.

02. Business Performance and Earnings

2.1. Business performance

2.1.1. Highlights

Resolution to increase capital by EUR 709.5 million

On 17 December 2015, the Board of Directors resolved to take the necessary steps to increase capital by EUR 709.5 million at an issue price of EUR 6 per share. The transaction is intended to strengthen the Group's capital structure and reduce interest-bearing debt. The Group's two main shareholders, who have representatives on the Board, undertook to subscribe for their proportion of the issue. Additionally, the Slim Group undertook to subscribe for any amount not taken up by the other shareholders during the ordinary subscription process. At the date of publication of this document, the capital increase is at the final phase and will conclude early in March.

FCC Aqualia lands largest-ever contract, worth EUR 2.4 billion, in Egypt

In August 2015, a consortium headed by FCC Aqualia was awarded the contract for the Abu Rawash wastewater treatment plant in Cairo (Egypt). Once completed, the plant will process 1.6 million m^3 of water per day and serves 5.5 million people, making it one of the largest of its kind in the world. This is a BOT type contract, requiring EUR 500 million in investment, and total revenues over the concession term are estimated at EUR 2.4 billion.

The project, which will be included in the backlog once it achieves financial closure, is strongly supported by the EBRD, the World Bank and Egyptian banks. This contract is part of an ambitious programme of water and sanitation works implemented by the Egyptian government and is FCC Aqualia's second big contract in that country; in 2010, it was awarded the contract to design, build and operate, for 20 years, the New Cairo wastewater treatment plant.

In 2015, FCC Aqualia landed major international contracts (which was one of its strategic objectives), notably for network construction and water treatment plant maintenance in Latin America (Mexico and Chile) and Saudi Arabia.

FCC Environment obtains 15-year recycling contract in Dallas, Texas (US)

In November, FCC's environmental services area was awarded a contract to build and operate a waste recycling plant in Dallas, initially for 15 years, with the possibility of a 10-year extension; revenues are estimated at approximately EUR 270 million. This contract is in addition to the one obtained in the US in September, for municipal solid waste collection in two areas of Orange county (Florida) with a total population of 400,000; this 10-year contract is worth EUR 85 million.

In Spain, the environmental services area obtained new contracts worth EUR 1.4 billion in 2015. This amount was achieved in a context of municipal government elections and is a testimony to the experience, soundness and service quality of the Group's core business. The main contracts include waste processing in Granada, and waste collection and sewer maintenance in other cities such as Vitoria, San Sebastián and Barcelona.

FCC Construction heads consortium for Toyo tunnel (Colombia), worth EUR 392 million

In October, a consortium headed by FCC, which holds a 40% stake, was awarded the contract to build the Toyo tunnel and an adjacent section of toll road, in Colombia, for a total of EUR 392 million. The contract covers design and construction of the tunnel, followed by operation and maintenance for a period of 10 years.

Additionally, in May, a consortium involving FCC was awarded the contract to design and build Panama City Metro line 2; FCC's share will amount to EUR 663 million. The line will include 16 stations and 21 km. of overhead line to the east of the city. Overall, the backlog stood at EUR 6,230 million at 2015 year-end, a slight (0.3%) increase with respect to the previous year, and strengthened the Group's presence in certain growth markets, such as Chile and Colombia.

FCC agrees to sell Globalvía for up to EUR 220 million

In June, FCC, which owns 50% of Globalvía, and the owner of the other 50% agreed to sell 100% of the company for an amount attributable to FCC of up to EUR 220 million. The deal is structured in a payment of EUR 83 million, scheduled for the first half of 2016, and a deferred payment of up to EUR 137 million, scheduled for February 2017.

2.1.2. Executive summary

- FCC Group revenues increased by 2.2%. In particular, international revenues increased by 9.8%, with growth in all business areas, particularly Water (39.5%).
- EBITDA increased by 1.3% to EUR 814.6 million despite the adverse baseline effect caused by the lower sales of CO_2 emission rights by the Cement division. Adjusting for that effect, EBITDA would have increased by 3.5%.
- Environmental utilities (services and water) gained in importance to account for 79.3% of EBITDA, which lends greater stability and visibility to the income statement and cash flow.
- Profit from continuing operations amounted to EUR 35.1 million, while the Group booked an attributable net loss of EUR 46.3 million due to the impact of discontinued operations, impairments and the capacity adjustment in the Construction area.
- Net interest-bearing debt was reduced by EUR 243.9 million with respect to the preceding quarter due to the increase in ordinary operating cash flow and rise by 9.1% y/y, which is attributable to the reclassification of current financial assets as long term, lower divestments in 2015, and the exchange rate effect on the debt.

Note: Assets Held for Sale

Assets corresponding to the holding in Globalvía (GVI) have been classified as "held for sale" since 31 December 2013, pending completion of the sale in the coming quarters. The residual assets and liabilities of Cemusa (Portugal) following the sale of the bulk of its business in November 2015, are also so classified (see Note 2.1.5.2). Accordingly, their earnings are recognised under "income from discontinued operations" (see Note 2.1.4.5.2).

Key figures

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Net sales	6,476.0	6,334.1	2.2%
EBITDA	814.6	804.0	1.3%
BITDA margin	12.6%	12.7%	-0.1 p.p
EBIT	323.8	(345.6)	-193.7%
EBIT margin	5.0%	-5.5%	10.5 p.p.
Income attributable to equity holders of the parent company	(46.3)	(724.3)	-93.6%
Operating cash flow	600.3	608.9	-1.4%
Investing cash flow	(412.6)	(167.2)	146.8%
Equity	487.2	495.4	-1.7%
Net interest-bearing debt	5,473.6	5,016.0	9.1%
Backlog	32,499.7	32,996.5	-1.5%

2.1.3. Summary by business area

(Millions of Euros)

Area	Dec. 15	Dec. 14	Chg (%)	% s/ 15	% s/ 14
Business performance					
Environmental Services	2,855.6	2,805.0	1.8%	44.1%	44.3%
Water	1,033.5	954.0	8.3%	16.0%	15.1%
Construction	1,992.9	2,076.1	-4.0%	30.8%	32.8%
Cement	580.4	542.9	6.9%	9.0%	8.6%
Corp. services and adjust.	13.6	(43.9)	-131.0%	0.2%	-0.7%
Total	**6,476.0**	**6,334.1**	**2.2%**	**100.0%**	**100.0%**
Revenues by geographic area					
Spain	3,407.8	3,540.5	-3.7%	52.6%	55.9%
United Kingdom	1,029.1	931.8	10.4%	15.9%	14.7%
Middle East & North Africa	610.8	338.9	80.2%	9.4%	5.4%
Central Europe	520.2	520.0	0.0%	8.0%	8.2%
Latin America	491.5	672.7	-26.9%	7.6%	10.6%
US and Canada	256.5	203.5	26.0%	4.0%	3.2%
Other	160.1	126.7	26.4%	2.5%	2.0%
Total	**6,476.0**	**6,334.1**	**2.2%**	**100.0%**	**100.0%**
EBITDA					
Environmental Services	425.3	418.3	1.7%	52.2%	52.0%
Water	227.5	208.4	9.2%	27.9%	25.9%
Construction	75.8	98.2	-22.8%	9.3%	12.2%
Cement	94.3	104.8	-10.0%	11.6%	13.0%
Corp. services and adjust.	(8.3)	(25.7)	-67.7%	-1.0%	-3.2%
Total	**814.6**	**804.0**	**1.3%**	**100.0%**	**100.0%**
EBIT					
Environmental Services	191.5	(437.8)	-143.7%	59.1%	126.7%
Water	145.3	123.9	17.3%	44.9%	-35.9%
Construction	(19.2)	27.8	-169.1%	-5.9%	-8.0%
Cement	28.6	35.9	-20.3%	8.8%	-10.4%
Corp. services and adjust.	(22.4)	(95.4)	-76.5%	-6.9%	27.6%
Total	**323.8**	**(345.6)**	**-193.7%**	**100.0%**	**100.0%**

(Millions of Euros)

Area	Dec. 15	Dec. 14	Chg (%)	% s/ 15	% s/ 14
Net debt					
With recourse	3,254.3	2,798.3	16.3%	59.5%	55.8%
Without recourse					
Environmental Services	659.6	625.5	5.5%	12.1%	12.5%
Water	249.8	240.2	4.0%	4.6%	4.8%
Construction	0.0	68.0	-100.0%	0.0%	1.4%
Cement	1,248.9	1,283.9	-2.7%	22.8%	25.6%
Corporate	61.0	0.1	n/a	1.1%	0.0%
Total	**5,473.6**	**5,016.0**	**9.1%**	**100.0%**	**100.0%**
Backlog					
Environmental Services	11,825.7	11,669.7	1.3%	36.4%	35.4%
Water	14,443.7	15,113.8	-4.4%	44.4%	45.8%
Construction	6,230.3	6,213.0	0.3%	19.2%	18.8%
Total	**32,499.7**	**32,996.5**	**-1.5%**	**100.0%**	**100.0%**

2.1.4. Income Statement

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Net sales	**6,476.0**	**6,334.1**	**2.2%**
EBITDA	**814.6**	**804.0**	**1.3%**
EBITDA margin	12.6%	12.7%	-0.1 p.p.
Depreciation and amortisation	(433.2)	(404.3)	7.1%
Other operating income	(57.6)	(745.3)	-92.3%
EBIT	**323.8**	**(345.6)**	**-193.7%**
EBIT margin	5.0%	-5.5%	10.5 p.p.
Financial income	(354.3)	(375.8)	-5.7%
Other financial results	(10.6)	(12.7)	-16.5%
Equity-accounted affiliates	35.4	(84.8)	-141.7%
Earnings before taxes (EBT) from continuing operations	**(5.7)**	**(818.8)**	**-99.3%**
Corporate income tax expense	40.8	64.2	-36.4%
Income from continuing operations	**35.1**	**(754.6)**	**-104.7%**
Income from discontinued operations	(89.3)	21.2	N/A
Net profit	**(54.2)**	**(733.4)**	**-92.6%**
Non-controlling interests	7.9	9.1	-13.2%
Income attributable to equity holders of the parent company	**(46.3)**	**(724.3)**	**-93.6%**

2.1.4.1. Revenues

The Group's consolidated revenues increased by 2.2% in 2015 to EUR 6,476 million, driven by a notable 9.8% increase in international revenues, with growth in all areas, particularly Water, Cement and Environmental Services.

In Spain, revenues declined by 3.7% to EUR 3,407.8 million due mainly to the 13.4% decline in the Construction area's domestic revenues as a result of the steady decline in public investment in infrastructure in recent years.

Revenue Breakdown, by Region *(Millions of Euros)*

	Dec. 15	Dec. 14	Chg (%)
Spain	3,407.8	3,540.5	-3.7%
United Kingdom	1,029.1	931.8	10.4%
Middle East & North Africa	610.8	338.9	80.2%
Central Europe	520.2	520.0	0.0%
Latin America	491.5	672.7	-26.9%
US and Canada	256.5	203.5	26.0%
Other	160.1	126.7	26.4%
Total	**6,476.0**	**6,334.1**	**2.2%**

Construction revenues expanded by a sizeable 80.2% in the Middle East and North Africa due to progress with major projects such as the Doha metro and, very particularly, the Riyadh metro. Water network contracts in Saudi Arabia in the Water division also made a larger contribution.

Revenues increased by 10.4% in the UK as the positive exchange rate effect (11%) fully offset the progressive closure of the landfill business in the Environmental Services area, which resulted in lower revenues for landfill taxes collected on behalf of the government.

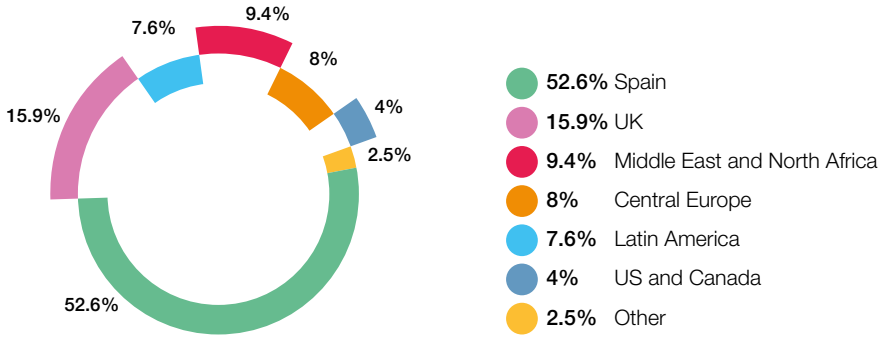
Revenues in Central Europe were stable following the completion of several projects in the Construction area, such as Riga airport in Latvia and other smaller projects in Poland, which temporarily offset the strong growth in the Environmental Services and Water businesses in the region.

Revenues in Latin America fell by 26.9% due to the time lag between the completion of major Construction works, such as Metro Line 1 and the road realignment in Panama City, and the start of other projects such as Lima Metro, the recently awarded Panama City Metro line 2 and the Toyo tunnel in Colombia. This situation was partially mitigated by the increase in revenues from designing and building water treatment systems in the region, such as construction of a water supply system and water mains in Mexico.

Revenues in the United States and Canada rose by 26% due to the effect of the dollar exchange rate (19.6%) in the Cement area and to the Gerald Desmond Bridge project, in the Construction area.

Other markets registered 26.4% growth, broadly due to the tariff update on the end-to-end water cycle management contracts in Italy, and a number of Construction contracts in Portugal.

% Revenues by Region



2.1.4.2. EBITDA

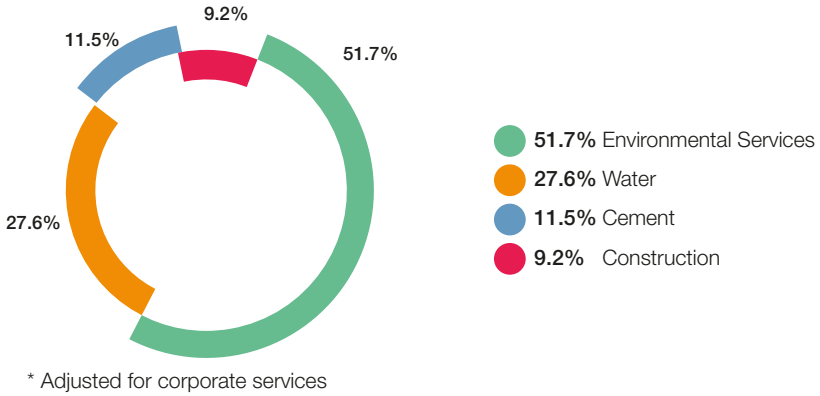
EBITDA amounted to EUR 814.6 million in 2015, a 1.3% increase year-on-year, driven by the End-to-End Water Management area (9.2%) and, to a lesser extent, the Environmental Services area (1.7%).

EBITDA growth in the Water and Environmental Services areas plus savings by Corporate Services offset a contraction of 22.8% in Construction and 10.8% in Cement.

The reduction in EBITDA in the Cement area was due to the lower sale of CO_2 emission rights (EUR 3.9 million in 2015, compared with EUR 20.8 million in 2014). The decline in EBITDA in the Construction area was attributable to the lower volume of business in Spain, a temporary consequence of a more selective bidding policy and the deterioration of margins in the domestic market.

Adjusting for the lower sale of emission rights, EBITDA would have increased by 3.5% in 2015.

% EBITDA by Business Area*



* Adjusted for corporate services

At year-end, the Environmental Services and End-to-End Water Management areas represented 79.3% of Group EBITDA, whereas cyclical businesses, related to infrastructure construction and building, accounted for 20.7%.

2.1.4.3. EBIT

EBIT amounted to EUR 323.8 million in 2015, compared with a loss of EUR 345.6 million in 2014.

Depreciation and amortisation amounted to EUR 433.2 million, a 7.1% increase with respect to 2014, mainly as a result of the entry into operation of the waste recycling and treatment plants in the Environmental Services area and the larger impairment charge for landfill assets in the UK following the review of the ongoing closure of the bulk of the landfills. Period depreciation in 2015 included EUR 45 million for assets that were written up on acquisition (EUR 44.8 million in 2014).

Other operating income was negative in the amount of EUR 57.6 million in 2015, concentrated almost entirely in the Construction area. This item included EUR 22.3 million for the workforce restructuring during the year together with a one-time charge for the closure of certain international projects.

The loss of EUR 745.3 million in 2014 included EUR 649.7 million in impairment of non-current assets in the FCC Environment subgroup (environmental services in the UK), a EUR 64 million charge for the challenge to the sale of Alpine Energie, and EUR 34 million for sundry risks in the Construction area's real estate business.

2.1.4.4. Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations were negative in the amount of EUR 5.7 million in 2015 due to the aforementioned impacts on EBIT and the following items:

2.1.4.4.1. Financial result

Net financial expenses fell by 5.7% year-on-year to EUR 354.3 million due to the reduction in average indebtedness and in the average cost of debt in 2015. The amount in 2015 included EUR 25.1 million of capitalisable interest accrued on Tranche B of the corporate syndicated loan, with no effect on cash flow. In 2014, this item included the EUR 135 million haircut agreed on Tranche B.

2.1.4.4.2. Equity-accounted affiliates

Companies accounted for using the equity method contributed EUR 35.4 million in income, mainly from the release of a EUR 25.7 million provision for the holding in Realia following the decision to reclassify it to continuing operations as of 31 December 2014, together with EUR 16.4 million in income from holdings in transport infrastructure concession companies.

The loss of EUR 84.8 million booked in 2014 included mainly impairments and losses in a number of infrastructure concession companies and the EUR 35.8 loss on the Realia stake.

2.1.4.5. Income attributable to the parent company

Net attributable income was negative in the amount of EUR 46.3 million (compared with a loss of EUR 724.3 million in 2014), after including the following items in EBT:

2.1.4.5.1. Income tax

The corporate income tax expense includes a reversal of deferred taxes in the amount of EUR 40.8 million (EUR 64.2 million in 2014).

2.1.4.5.2. Income from discontinued operations

Discontinued operations contributed a loss of EUR 89.3 million in 2015, due entirely to Cemusa, reflecting impairment of its value in 2015 until its sale in November.

The figure of EUR 21.2 million reported in 2014 included mainly the effect of divestments (Logistics and 51% of FCC Energy).

2.1.4.5.3. Non-controlling interests

Non-controlling interests, concentrated mainly in the Cement business, were attributed a loss of EUR 7.9 million, compared with a loss of EUR 9.1 million in 2014.

2.1.5. Balance sheet

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (Mn€)
Intangible assets	3,026.4	2,967.5	58.9
Property, plant and equipment	3,146.4	3,175.6	(29.2)
Equity-accounted affiliates	587.0	239.8	347.2
Non-current financial assets	392.8	426.7	(33.9)
Deferred tax assets and other non-current assets	1,031.8	1,044.2	(12.4)
Non-current assets	**8,184.3**	**7,853.8**	**330.5**
Non-current assets available for sale	235.9	1,002.5	(766.6)
Inventories	648.6	760.6	(112.0)
Trade and other accounts receivable	2,217.1	2,488.4	(271.3)
Other current financial assets	230.7	380.4	(149.7)
Cash and cash equivalents	1,345.5	1,537.1	(191.6)
Current assets	**4,677.8**	**6,169.1**	**(1,491.3)**
TOTAL ASSETS	**12,862.1**	**14,022.9**	**(1,160.8)**
Equity attributable to equity holders of parent company	280.7	271.7	9.0
Non-controlling interests	206.5	223.7	(17.2)
Net equity	**487.2**	**495.4**	**(8.2)**
Grants	248.3	239.3	9.0
Non-current provisions	1,254.1	1,157.9	96.2
Long-term interest-bearing debt	5,612.2	5,615.7	(3.5)
Other non-current financial liabilities	66.6	66.5	0.1
Deferred tax liabilities and other non-current liabilities	536.7	754.6	(217.9)
Non-current liabilities	**7,717.8**	**7,834.0**	**(116.2)**
Liabilities linked to non-current assets available for sale	15.9	776.9	(761.0)
Current provisions	194.7	288.5	(93.8)
Short-term interest-bearing debt	1,437.6	1,317.9	119.7
Other current financial liabilities	91.8	63.2	28.6
Trade and other accounts payable	2,917.0	3,247.0	(330.0)
Current liabilities	**4,657.0**	**5,693.5**	**(1,036.5)**
TOTAL LIABILITIES	**12,862.1**	**14,022.9**	**(1,160.8)**

2.1.5.1. Equity-accounted affiliates

The investment in equity-accounted companies (EUR 587 million) comprised the following at 31 December 2015:

1) EUR 120.2 million for the 36.9% stake in Realia.
2) EUR 81.6 million for investments in companies in the Water area, mainly concession companies in other countries (Algeria, Mexico and Egypt).
3) EUR 80.8 million for holdings in companies in the Environmental Services area (recycling and municipal services).
4) EUR 304.3 million for the other holdings (infrastructure concessions, cement and renewable energy companies) and loans to affiliated companies.

The increase with respect to the balance at 31 December 2014 is due mainly to the transfer to this item, in 1Q15, of EUR 193.9 million in loans granted to joint ventures and affiliates in the Construction area which had been classified as current financial assets. Also, the value of the stake in Realia includes the amount of the December capital increase that FCC subscribed for.

2.1.5.2. Non-current assets and liabilities available for sale

Of the EUR 235.9 million in non-current assets available for sale at year-end, EUR 220 million correspond to the 50% stake in Globalvía Infraestructuras and the remainder to the residual business of Cemusa in Portugal.

The Cemusa assets have associated liabilities amounting to EUR 15.9 million, including payment obligations tied to long-term rights to exploit advertising urban fixture.

The sharp decline in the balance of this item with respect to 2014 is due to the sale in November of the Cemusa subgroup (apart from the aforementioned business in Portugal).

2.1.5.3. Net equity

Net equity at year-end amounted to EUR 487.2 million, a slight EUR 8.2 million reduction with respect to 2014 year-end. This decline is due to the loss for the year and other positive adjustments, mainly translation differences.

In this respect, the Board of Directors resolved in December to increase capital by EUR 709.5 million. This transaction, which seeks to strengthen the Group's capital structure, is under way and will be completed in March.

2.1.5.4. Net interest-bearing debt

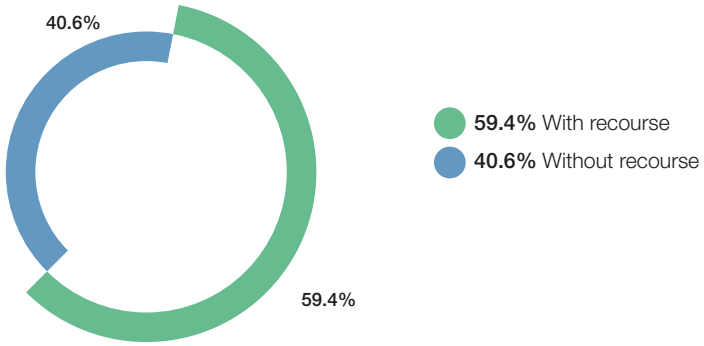
(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (M€)
Bank borrowings	5,647.7	5,756.4	(108.7)
Debt instruments and other loans	1,088.5	906.7	181.8
Accounts payable due to financial leases	62.1	53.6	8.5
Derivatives and other financial liabilities	251.5	216.9	34.6
Gross interest-bearing debt	**7,049.8**	**6,933.6**	**116.2**
Cash and other financial assets	(1,576.2)	(1,917.6)	341.4
Net interest-bearing debt	**5,473.6**	**5,016.0**	**457.6**
With recourse	3,254.3	2,798.3	456.0
Without recourse	2,219.3	2,217.7	1.6

Net interest-bearing debt stood at EUR 5,473.6 million at 31 December 2015, i.e. EUR 243.9 million less than at the end of September and EUR 457.6 million more than at 2014 year-end. This increase is due mainly to the reclassification of financial assets in the Construction area as long term, the net exchange rate effect on debt denominated in foreign currencies (EUR 83.3 million) and the reduction in the balance of cash.

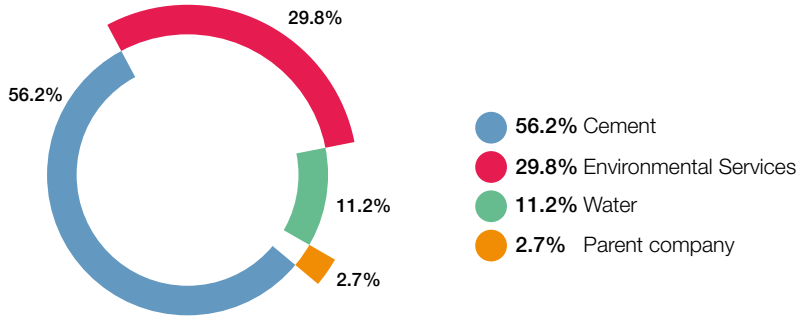
The balance of gross interest-bearing debt, which is the origin of the financial expenses, increased by EUR 116.2 million to EUR 7,049.8 million, mainly as a result of the aforementioned exchange rate effect; the balance of cash and current financial assets was reduced by EUR 341.4 million, mainly as a result of the aforementioned reclassification and the lower amount of customer receivables that were discounted in 2015.

Debt with and without Recourse



Net financial debt is divided between corporate debt (59.4%) and debt with limited recourse (40.6%). Net debt with recourse amounted to EUR 3,254.3 million at 31 December 2015, including legacy debt from the acquisition of a number of operating companies in the various divisions, excluding Cement, and is structured mainly as a syndicated loan and a EUR 450 million convertible bond issued by the parent company.

Net Debt without Recourse, by Area



Net interest-bearing debt without recourse to the Group parent company amounted to EUR 2,219.3 million at year-end. A large proportion of that is connected to the Cement area (EUR 1,248.9 million). Environmental Services accounts for EUR 659.6 million (EUR 571.1 million in the UK, EUR 60.1 million in Central Europe and the remainder in other waste treatment and recycling plants in Spain and Portugal). Net debt without recourse in the Water area amounted to EUR 249.8 million, of which EUR 175.7 million relate to the Czech Republic and the other EUR 74.1 million to a number of end-to-end water concessions in Spain. The EUR 61 million at parent company level are the project net debt of the concession companies for the Coatzacoalcos tunnel in Mexico and the Conquense highway in Spain.

2.1.5.5. Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities, which do not qualify as interest-bearing debt, was EUR 158.4 million at year-end. It includes financial liabilities such as those associated with hedging derivatives, suppliers of fixed assets, and deposits and guarantees received.

2.1.6. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**814.6**	**804.0**	**1.3%**
(Increase)/decrease in working capital	(35.7)	22.3	-260.1%
Income tax (paid)/received	(77.2)	(78.7)	-1.9%
Other operating cash flow	(101.4)	(138.7)	-26.9%
Operating cash flow	**600.3**	**608.9**	**-1.4%**
Investment payments	(431.9)	(485.5)	-11.0%
Divestment receipts	38.5	227.6	-83.1%
Other investing cash flow	(19.2)	90.7	-121.2%
Investing cash flow	**(412.6)**	**(167.2)**	**146.8%**
Interest paid	(269.5)	(358.5)	-24.8%
(Payment)/receipt of financial liabilities	(90.2)	(554.4)	-83.7%
Other financing cash flow	(32.8)	998.6	-103.3%
Financing cash flow	**(392.5)**	**85.7**	**N/A**
Exchange differences, change in consolidation scope, etc.	13.1	22.2	-41.0%
Increase/(decrease) in cash and cash equivalents	**(191.6)**	**549.5**	**-134.9%**

2.1.6.1. Operating cash flow

Group operating cash flow totalled EUR 600.3 million in 2015, practically the same as in 2014.

However, it is important to note the favourable underlying trend in working capital in the period. The total increase of EUR 35.7 million includes payment, on schedule, of EUR 183.6 million of taxes that were deferred in prior years, whereas the 2014 figure included EUR 71 million collected in 1Q14 under the Spanish government's second supplier payment plan. Moreover, in accordance with the financial objectives, the amount of customer receivables factored to banks without recourse was reduced by EUR 53 million with respect to 2014 year-end. All these factors represent a substantial improvement in working capital in like-for-like terms, due to the efforts to reduce the balance of customer receivables.

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (Mn€)
Environmental Services	(71.7)	(8.2)	(63.5)
Water	(3.3)	21.6	(24.9)
Construction	71.0	67.5	3.5
Cement	9.9	(2.0)	11.9
Corp. services and adjust.	(41.6)	(56.6)	15.0
(Increase)/decrease in working capital	**(35.7)**	**22.3**	**(58.0)**

Moreover, the other operating cash outflows, amounting to EUR 101.4 million in 2015 and EUR 138.7 million in 2014, were due mainly to the application of provisions for use in restructuring the Construction area.

2.1.6.2. Investing cash flow

Investing cash flow absorbed EUR 412.6 million in 2015, compared with EUR 167.2 million in 2014. The difference is due broadly to lower divestment collections, which declined from EUR 189.1 million to EUR 38.5 million. Moreover, the variation in other investing cash flows was negative this year in the amount of EUR 19.2 million, whereas in 2014 the company recovered deposits and sureties and collected loans to investees and discontinued operations for a total amount of EUR 90.7 million.

The breakdown of net investments by area, in terms of investment payments and divestment collections, is as follows:

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Environmental Services	(250.1)	(168.7)	(81.4)
Water	(71.3)	(96.7)	25.4
Construction	(40.1)	(77.1)	37.0
Cement	(12.6)	8.2	(20.8)
Corp. services and adjust.	(19.3)	76.4	(95.7)
Net investments (Payments - Collections)	**(393.4)**	**(257.9)**	**(135.5)**

The Environmental Services area was notable in terms of net investments, including investments in plants under development, particularly the incinerator in Buckinghamshire, UK.

2.1.6.3. Financing cash flow

Consolidated financing cash flow in the year was negative in the amount of EUR 392.5 million, including primarily EUR 269.5 million in interest payments, there being no appreciable changes in the volume of gross interest-bearing debt in the period, apart from early repayment of EUR 100 million of bank debt by the Cement area's parent company in the first quarter of 2015. This item in 2014 reflected the effect on the cash position of the EUR 1,000 million capital increase performed at the end of the year.

2.1.6.4. Exchange differences, change in consolidation scope, etc.

This item, which increased by EUR 13.1 million in the year, includes the effect of exchange rate fluctuations on cash, mainly in the Environmental area (UK).

2.1.6.5. Variation in cash and cash equivalents

Combining the foregoing flows, the Group's net cash position was reduced by EUR 191.6 million to EUR 1,345.5 million at year-end.

2.1.7. Business performance

2.1.7.1. Environmental Services

The Environmental Services area accounts for 51.7% of FCC Group EBITDA. A total of 95.7% of its activities involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep. The other 4.3% corresponds to industrial waste collection and management.

FCC's business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved principally in municipal waste treatment, recovery and disposal; in Central Europe, mainly Austria and the Czech Republic, it has a balanced presence throughout the municipal waste management chain (collection, processing and disposal). In Portugal and other countries, FCC is involved in both industrial and municipal waste management.

2.1.7.1.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (%)
Revenues	2,855.6	2,805.0	1.8%
Environmental Services	2,731.5	2,680.5	1.9%
Industrial Waste	124.1	124.5	-0.3%
EBITDA	425.3	418.3	1.7%
EBITDA margin	14.9%	14.9%	0.0 p.p.
EBIT	191.5	(437.8)	-143.7%
EBIT margin	6.7%	-15.6%	22.3 p.p.

Environmental Services revenues increased by 1.8% in 2015, to EUR 2,855.6 million, driven by 8.9% growth in international revenues.

Revenue Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (%)
Spain	1,518.1	1,576.9	-3.7%
United Kingdom	926.9	846.0	9.6%
Central Europe	369.0	347.3	6.2%
Portugal, etc.	41.6	34.8	19.5%
Total	**2,855.6**	**2,805.0**	**1.8%**

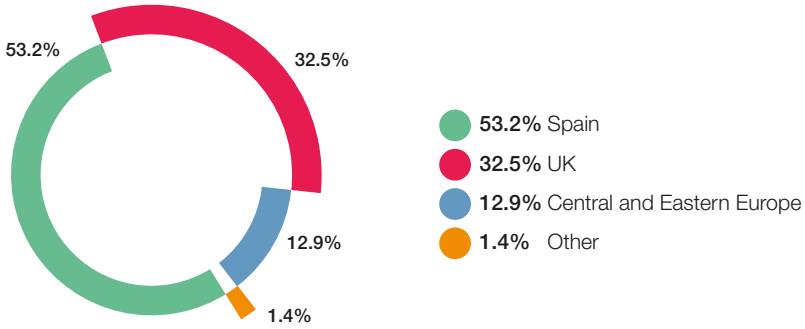
In Spain, revenues amounted to EUR 1,518.1 million, a decline of 3.7% year-on-year, due mainly to withdrawal of the waste collection contract for Madrid suburbs in the fourth quarter of 2014.

Revenues increased by 9.6% in the UK to EUR 926.9 million, boosted by sterling's appreciation against the euro. This trend was accompanied by an increase in municipal waste treatment and incineration revenues, broadly offsetting the effect of progressively closing the landfills, which impacted revenues due to the effect of landfill taxes collected by the company on behalf of the government. Additionally, construction of the Buckinghamshire incinerator is advancing, with entry into service scheduled for the second half of 2016.

Revenues in Central Europe increased by 6.2% year-on-year due to execution of a soil decontamination project in Slovakia, improved performance in Austria and the Czech Republic and expansion of the waste collection business in Poland.

The 19.5% increase in revenues in other markets is due basically to expansion of the Industrial Waste management business in the US.

Revenue Breakdown, by Region



EBITDA increased by 1.7% year-on-year to EUR 425.3 million, while the EBITDA margin was the same as in 2014. The withdrawal from the Madrid suburb waste collection contract had a positive impact on the average margin in Spain. Meanwhile, the EBITDA margin in the UK increased due to a larger contribution from the municipal waste incineration business. However, this improvement was not visible in the area's margin since the Buckinghamshire plant is still at the construction phase (with a lower margin than in the operational phase).

EBIT was positive in the amount of EUR 191.5 million, including a higher charge related to the plan to close the bulk of the landfills in the UK, which was implemented in 2014. The 2014 figure included an impairment charge of EUR 649.7 million against the value of the property, plant and equipment affected by that plan, which explains the negative EBIT of EUR 437.8 million in 2014.

Backlog Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	7,112.0	7,070.9	0.6%
International	4,713.7	4,598.8	2.5%
Total	**11,825.7**	**11,669.7**	**1.3%**

The area's backlog increased by 1.3% with respect to 2014 year-end, to EUR 11,825.7 million. In Spain, this area landed a 25-year municipal waste treatment contract in the province of Granada, worth EUR 394 million. The international backlog expanded by 2.5%, mainly as a result of the appreciation of sterling against the euro. The total backlog amounts to over 4 times revenues in the last twelve months.

2.1.7.1.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**425.3**	**418.3**	**1.7%**
(Increase)/decrease in working capital	(71.7)	(8.2)	N/A
Income tax (paid)/received	(26.4)	(57.4)	-54.0%
Other operating cash flow	7.0	(15.8)	-144.3%
Operating cash flow	**334.2**	**336.9**	**-0.8%**
Investment payments	(270.7)	(254.9)	6.2%
Divestment receipts	20.6	86.2	-76.1%
Other investing cash flow	16.2	50.3	-67.8%
Investing cash flow	**(233.9)**	**(118.4)**	**97.6%**
Interest paid	(95.4)	(160.7)	-40.6%
(Payment)/receipt of financial liabilities	(6.3)	(281.3)	-97.8%
Other financing cash flow	(120.5)	417.6	-128.9%
Financing cash flow	**(222.2)**	**(24.4)**	**N/A**
Exchange rate variations, etc.	11.1	12.1	-8.3%
Increase/(decrease) in cash and cash equivalents	**(110.8)**	**206.1**	**-153.8%**

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (Mn€)
Net interest-bearing debt without recourse	659.6	625.5	34.1

Operating cash flow in the Environmental Services area was stable with respect to 2014: EUR 334.2 million. In addition to a slight increase in EBITDA, tax expenses were lower, offset by a reduction in factored customer receivables to banks without recourse by EUR 50.6 million, which was evident in the increase in working capital. Overall, the area's average payment period remained stable at 3.1 months.

Investment payments amounted to EUR 270.7 million, compared with EUR 254.9 million in 2014, mainly as a result of progress with the construction of the Buckinghamshire incineration plant in the UK.

Interest payments were reduced by 40.6% to EUR 95.4 million, broadly due to the reduction in interest-bearing debt, which includes the effect of FCC Environment (UK) repaying EUR 100 million of debt at the beginning of the year and the lower internal allocation of financial expenses was associated with prior years' acquisitions, which was transferred to the parent company; consequently, this did not have any impact on the Group's overall indebtedness or interest expenses.

Overall, including the additional negative impact on debt of sterling's appreciation, the area's net interest-bearing debt without recourse increased by just EUR 34 million at year-end, to EUR 659.6 million. Of that amount, EUR 571.1 million relates to the UK, EUR 60.1 million to Central Europe and the remaining EUR 28.4 million to waste treatment and recycling plants in Spain.

2.1.7.2. End to End Water Management

The Water area accounts for 27.6% of FCC Group EBITDA. Public concessions and end-to-end water management (capture, purification, distribution and treatment) account for 84.2% of total revenues, and design and construction of technology solutions for water treatment and water networks account for the other 15.8%.

FCC serves more than 13 million people in over 850 municipalities in Spain. In Central Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. FCC engages in water treatment plant construction and operation in Latin America and the Middle East and North Africa. Overall, FCC Aqualia provides water supply and/or sewage treatment services to over 23 million people.

2.1.7.2.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (%)
Revenues	1,033.5	954.0	8.3%
Concessions and services	869.8	872.5	-0.3%
Technology and networks	163.7	81.5	100.9%
EBITDA	227.5	208.4	9.2%
EBITDA margin	22.0%	21.8%	0.2 p.p.
EBIT	145.3	123.9	17.3%
EBIT margin	14.1%	13.0%	1.1 p.p.

The area's revenues increased by a notable 8.3% year-on-year to EUR 1,033.5 million, driven by strong growth in technology and networks in Spain and, to a greater extent, in other countries.

Revenue Breakdown, by Region

(Millones de euros)

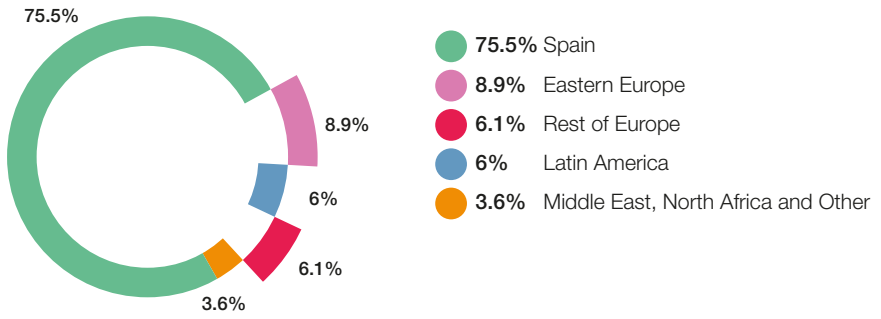
	Dec. 15	Dec. 14	Chg (%)
Spain	779.8	772.1	1.0%
Central Europe	92.1	90.0	2.3%
Rest of Europe (Portugal and Italy)	62.8	51.2	22.7%
Latin America	62.0	24.1	157.3%
Middle East, North Africa and other	36.8	16.6	121.7%
Total	**1,033.5**	**954.0**	**8.3%**

Revenues increased by 1% year-on-year in Spain due to the higher volume of work on water treatment and distribution infrastructure. This low level of growth is characteristic of a year with municipal elections (mid-year), coupled with a very low level of public investment in water infrastructure since the priority is to reduce public deficit.

Latin America registered strong growth due to execution of a number of projects, such as a water supply system and water mains in Mexico, and a sewage treatment plant in Chile. The rapid growth experienced in the Middle East, North Africa and other markets is mainly due to work on networks in Riyadh and treatment plants in Mecca (Saudi Arabia).

Revenues increased by 2.3% in Central Europe, mainly in the Czech Republic; elsewhere in Europe, they increased by 22.7% as a result of the tariff update on the end-to-end water management contract in Sicily (Italy).

Revenu e Breakdown, by Region



EBITDA increased sharply, by 9.2% year-on-year, to EUR 227.5 million. The EBITDA margin expanded slightly to 22% despite the greater exposure to the technology and networks business, due to the steady improvement in technical efficiency in the concession business and to withdrawal from a number of loss-making contracts in Spain.

Backlog Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	9,924.2	10,575.1	-6.2%
International	4,519.5	4,538.7	-0.4%
Total	**14,443.7**	**15,113.8**	**-4.4%**

The backlog of future revenues declined by 4.4% with respect to 2014 year-end, to EUR 14,443.7 million, i.e. 14 times the last twelve months' revenues. The international backlog of EUR 4,519.5 million does not yet include the contract awarded recently to a consortium headed by FCC Aqualia for the design, construction and operation of the Abu Rawash sewage treatment plant in Egypt, which represents close to EUR 2,400 million in revenues and is pending financial closure of the project finance for development and commissioning.

2.1.7.2.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**227.5**	**208.4**	**9.2%**
(Increase)/decrease in working capital	(3.3)	21.6	-115.3%
Income tax (paid)/received	(38.6)	(19.3)	100.0%
Other operating cash flow	18.0	20.1	-10.4%
Operating cash flow	**203.6**	**230.8**	**-11.8%**
Investment payments	(78.8)	(106.4)	-25.9%
Divestment receipts	7.5	9.7	-22.7%
Other investing cash flow	(88.4)	(123.8)	-28.6%
Investing cash flow	**(159.7)**	**(220.5)**	**-27.6%**
Interest paid	(37.2)	(45.3)	-17.9%
(Payment)/receipt of financial liabilities	38.3	71.4	-46.4%
Other financing cash flow	(69.9)	3.7	N/A
Financing cash flow	**(68.8)**	**29.8**	**N/A**
Exchange rate variations, etc.	(2.8)	(0.5)	N/A
Increase/(decrease) in cash and cash equivalents	**(27.7)**	**39.6**	**-169.9%**

(Millions of Euros)

	Dec. 15	Dec. 14	Chg (Mn€)
Net interest-bearing debt without recourse	249.8	240.2	9.6

Despite the improvement in EBITDA, the area's operating cash flow declined by EUR 27.2 million with respect to 2014, to EUR 203.6 million, due to variations in working capital. The latter increased by EUR 3.3 million in 2015 due to payment of EUR 22.9 million in taxes that had been deferred in previous years, whereas in the first quarter of 2014 the company collected EUR 16 million under the second supplier payment plan. Adjusting for both items, ordinary working capital performed positively with respect to the previous year.

Investment payments amounted to EUR 78.8 million, 25.9% less than in 2014. Other investing cash flow includes mainly loans to Group companies, which are adjusted in the consolidated cash flow statement.

Overall, net cash in the area was reduced by EUR 27.7 million. Net debt without recourse amounted to EUR 249.8 million, practically unchanged; of that amount, EUR 175.7 million relates to the business in the Czech Republic and the other EUR 74.1 million to a number of end-to-end water concessions in Spain.

2.1.7.3. Construction

The Construction area accounted for 9.2% of FCC Group EBITDA in 2015. It is mainly involved in the design and construction of large civil engineering and industrial works and building in certain geographies. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

2.1.7.3.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Revenues	1,992.9	2,076.1	-4.0%
EBITDA	75.8	98.2	-22.8%
EBITDA margin	3.8%	4.7%	-0.9 p.p.
EBIT	(19.2)	27.8	-169.1%
EBIT margin	-1.0%	1.3%	-2.3 p.p.

This area's revenues amounted to EUR 1,992.9 million in 2015, down 4% year-on-year due to the 13.4% decline in revenues in Spain. That decline was the result of steady cutbacks in public investment in infrastructure in recent years.

Nevertheless, the decline in revenues in Spain was partly offset by 5.4% growth in international revenues, which now account for 54.9% of the area's total.

Revenue Breakdown, by Region

(Millions of Euros)

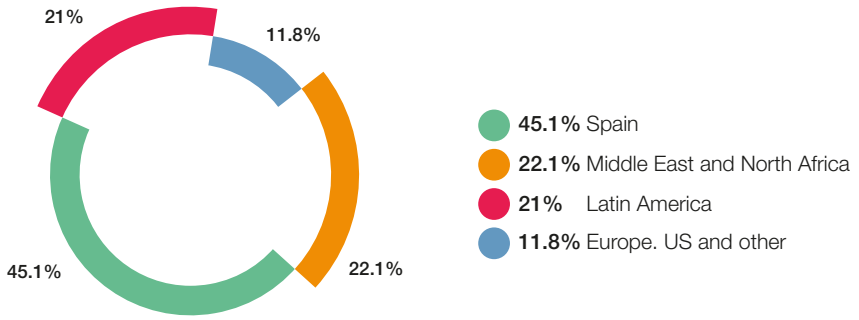
	Dec. 15	Dec. 14	Chg (%)
Spain	898.7	1.037.9	-13.4%
Middle East & North Africa	439.6	184.5	138.3%
Latin America	419.4	640.4	-34.5%
Europe, US and other	235.2	213.2	10.3%
Total	**1,992.9**	**2,076.1**	**-4.0%**

Revenues surged in the Middle East and North Africa due mainly to the execution of the Riyadh metro project and the commencement of work on Doha metro at the end of 3Q14.

Revenues in Latin America declined by 34.5% because of the completion of major projects, such as Metro line 1 and road reorganisation in Panama City, while work on Lima metro commenced at the end of 1Q15 and construction of Panama Metro line 2 in the fourth quarter.

The 10.3% increase in revenues in Europe, the US and other markets was due broadly to commencement of work on the Mersey Gateway Bridge in the UK in the second quarter of 2014. Construction of the Gerald Desmond Bridge in Los Angeles (USA) continues.

Revenue Breakdown, by Region



EBITDA declined by 22.8% year-on-year, to EUR 75.8 million. This was due to the lower volume of business in Spain and the deterioration of margins in the domestic market as a temporary consequence of the more selective bidding policy.

EBIT was negative in the amount of EUR 19.2 million, after deducting a number of items from EBITDA, including notably EUR 37.7 million in depreciation and amortisation, a EUR 22.3 million charge for workforce restructuring in the year, and a one-time charge for the withdrawal from certain geographies.

Backlog Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec.14	Chg. (%)
Spain	1,358.8	2,019.7	-32.7%
International	4,871.5	4,193.3	16.2%
Total	**6,230.3**	**6,213.0**	**0.3%**

The area's backlog was practically unchanged with respect to 2014, having increased by just 0.3% to EUR 6,230.3 million. The sharp reduction in the backlog in Spain caused by low demand for civil engineering work and the change in the company's market approach was offset by larger international order intake; the international backlog expanded by 16.2% to EUR 4,871.5 million after the inclusion of the contract to design and build Panama City Metro line 2 (attributable amount: EUR 663 million).

Backlog Breakdown, by Business Segment *(Millions of Euros)*

	Dec. 15	Dec.14	Chg. (%)
Civil engineering	5,008.2	5,002.2	0.1%
Building	907.2	886.5	2.3%
Industrial projects	314.9	324.3	-2.9%
Total	**6,230.3**	**6,213.0**	**0.3%**

Civil engineering and industrial projects declined slightly as a share of the total, to 85.4%, while building (almost entirely non-residential) accounted for the remaining 14.6%.

2.1.7.3.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**75.8**	**98.2**	**-22.8%**
(Increase)/decrease in working capital	71.0	67.5	5.2%
Income tax (paid)/received	(25.6)	50.6	-150.6%
Other operating cash flow	(25.7)	(119.2)	-78.4%
Operating cash flow	**95.5**	**97.1**	**-1.6%**
Investment payments	(52.4)	(104.5)	-49.9%
Divestment receipts	12.3	27.4	-55.1%
Other investing cash flow	130.9	(137.5)	-195.2%
Investing cash flow	**90.8**	**(214.6)**	**-142.3%**
Interest paid	(11.7)	(45.7)	-74.4%
(Payment)/receipt of financial liabilities	(72.5)	208.8	-134.7%
Other financing cash flow	0.0	0.9	-100.0%
Financing cash flow	**(84.2)**	**164.0**	**-151.3%**
Exchange rate variations, etc.	(39.1)	7.7	N/A
Increase/(decrease) in cash and cash equivalents	**63.0**	**54.2**	**16.2%**

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (Mn€)
Net interest-bearing debt without recourse	0.0	68.0	(68.0)

The area's operating cash flow amounted to EUR 95.5 million, in line with 2014. That included positive working capital performance, including the seasonal improvement that occurs towards year-end; cash flow amounted to EUR 71 million in the full year. Additionally, other operating cash flow (EUR 25.7 million) included restructuring expenses during the year.

Working capital in 2015 included the payment of EUR 41.2 million in tax that had been deferred in previous years; in 2014, this item included EUR 44 million collected under the Spanish government's second supplier payment plan.

Investment payments amounted to EUR 52.4 million, compared with EUR 104.5 million in 2014, which included EUR 49.2 million invested in infrastructure concessions, whereas the 2015 figure mainly refers to investment in specialised plant to start work on a number of contracts (mainly underground civil engineering). Other investing cash flow, which was positive in the amount of EUR 130.9 million, basically refers to changes in loans to Group companies.

Consequently, the area's net cash position increased by EUR 63 million, 16.2% more than the variation in 2014.

This area had no net interest-bearing debt without recourse at year-end since the stakes in the two companies where the debt was located were transferred to the Group parent company during the year. Consequently, the balance of net debt relating to those two concession companies (Coatzacoalcos tunnel, in Mexico, and Conquense highway, in Spain) was retired from this area.

2.1.7.4. Cement

The Cement area accounted for 11.6% of FCC Group EBITDA in 2015, through the 77.9% stake in Cementos Portland Valderrivas (CPV). This area produces cement; it has seven factories in Spain, three in the US and one in Tunisia.

2.1.7.4.1. Results

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Revenues	580.4	542.9	6.9%
Cement	514.9	467.2	10.2%
Other	65.5	75.7	-13.5%
EBITDA	94.3	104.8	-10.0%
EBITDA margin	16.2%	19.3%	-3.1 p.p.
EBIT	28.6	35.9	-20.3%
EBIT margin	4.9%	6.6%	-1.7 p.p.

This area's revenues increased by 6.9% in 2015 to EUR 580.4 million, boosted by a 10.2% increase in cement revenues, which was partly offset by the closure of the less profitable concrete, mortar and aggregate businesses in Spain during the year.

Revenue Breakdown, by Region

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
Spain	197.2	196.0	0.6%
US and Canada	212.8	180.0	18.2%
Tunisia	80.3	83.8	-4.2%
UK and other	90.1	83.1	8.4%
Total	**580.4**	**542.9**	**6.9%**

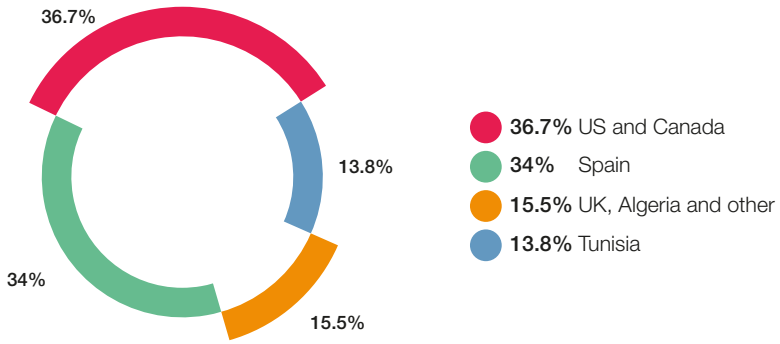
Revenues in Spain continued to recover (+0.6% in the year) after six years of steady decline. Cement sales increased by 4.3%, while cement consumption in the domestic market increased by 5.3% in the year. However, revenues in other activities declined by 20% because of the aforementioned closure of less profitable concrete, mortar and aggregate plants in 2014.

Revenues expanded by 18.2% in the US and Canada, supported by the dollar's appreciation against the euro. Good cement revenue performance (+26.7%) was partly offset by lower concrete sales after this business was discontinued in 2015.

In contrast, revenues declined by 4.2% in Tunisia due to a reduction in local cement consumption from the peak in the first half of 2014. Exchange rate fluctuations had a positive 3.1% impact.

Revenues from exports to the UK and other markets increased by 8.4%, favoured by higher demand in the UK, the favourable sterling exchange rate, and entry into new markets.

Revenue Breakdown, by Region



Despite the increase in revenues, EBITDA amounted to EUR 94.3 million, compared with EUR 104.8 million in 2014. This was due principally to lower non-recurring revenues from the sale of CO_2 emission rights (EUR 3.9 million in 2015, vs. EUR 20.8 million in 2014).

Adjusting for this effect, EBITDA would have increased by 7.6% in like-for-like terms in 2015.

2.1.7.4.2. Cash flow

(Millions of Euros)

	Dec. 15	Dec. 14	Chg. (%)
EBITDA	**94.3**	**104.8**	**-10.0%**
(Increase)/decrease in working capital	9.9	(2.0)	N/A
Income tax (paid)/received	(6.9)	(5.5)	25.5%
Other operating cash flow	(10.7)	(12.5)	-14.4%
Operating cash flow	**86.6**	**84.8**	**2.1%**
Investment payments	(16.8)	(14.6)	15.1%
Divestment receipts	4.2	22.8	-81.6%
Other investing cash flow	0.8	0.7	14.3%
Investing cash flow	**(11.8)**	**8.9**	**N/A**
Interest paid	(94.0)	(71.4)	31.7%
(Payment)/receipt of financial liabilities	3.7	(23.8)	-115.5%
Other financing cash flow	(2.3)	(4.1)	-43.9%
Financing cash flow	**(92.6)**	**(99.3)**	**-6.7%**
Exchange rate variations, etc.	3.4	2.9	17.2%
Increase/(decrease) in cash and cash equivalents	**(14.4)**	**(2.7)**	**N/A**

(Millions of Euros)

	Dec. 15	Dec.14	Chg. (Mn€)
Without recourse	1,248.9	1,283.9	(35.0)
With recourse	126.6	20.4	106.2
Net interest-bearing debt	**1,375.5**	**1,304.3**	**71.2**

Despite the lower operating profit caused by the reduction in emission rights sales, operating cash flow increased slightly year-on-year to EUR 86.6 million due to the improvement in working capital.

Investment payments were basically for maintenance and amounted to EUR 16.8 million, in line with 2014; divestment collections declined due to the reduction in sales of non-operational real estate. Overall, investing cash flow amounted to just EUR 11.8 million in the period.

Interest expenses amounted to EUR 94 million in 2015, compared with EUR 71.4 million in 2014; the increase was due mainly to differences in interest settlement calendars between years. Overall, the balance of cash and cash equivalents was reduced by EUR 14.4 million in 2015.

As is appropriate for a listed company with minority shareholders that is managed independently, the bulk of the Cement area's debt is without recourse to FCC. The EUR 35 million reduction in that amount was due to repayment of bank debt by the area's parent company in the first quarter.

Net debt with recourse is confined to the balance of the amount that FCC, S.A. loaned to its subsidiary, which amounted to EUR 126.6 million at 2015 year-end and is underpinned by the commitment which the shareholder made to CPV's financiers in 2012 for a maximum amount of EUR 200 million.

2.2. Business performance. Environment

The information relating to the FCC Group's Environmental Policy is described in greater detail in Note 30 to the consolidated financial statements.

The FCC Group's strategy is based on a commitment to social responsibility in relation to environmental services, complying with the applicable legal requirements, respect for its relationship with its stakeholders and its desire to generate wealth and social well-being.

At the FCC Group, the following principles, which form the basis of its contribution to sustainable development, are encouraged and stimulated throughout the organisation:

- Continuous improvement: To promote environmental excellence through the setting of targets to achieve continuous improvement in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.
- Control and monitoring: To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.
- Climate change and prevention of pollution: To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies. To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.
- Care for the environment and innovation: To identify the risks and opportunities pertaining to the activities with respect to the changing natural environment in order to promote innovation and the use of new technologies, and to generate synergies among the FCC Group's various activities.
- Life cycle of the products and services: To make environmental considerations a priority in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.
- Ensure the participation of all: To promote awareness and application of the environmental principles among employees and other stakeholders.

2.3. Business performance. Employees

Following is a detail, by business area, of the FCC Group's headcount at 31 December 2015:

Areas	Spain	Abroad	Total	% of Total	%Chg. 2014
Environmental Services	30,213	8,469	38,682	70%	0.5%
Water Management	5,918	1,715	7,633	14%	1.6%
Construction	4,013	2,838	6,851	12%	-31.3%
Cement	803	882	1,685	4%	-3.6%
Central Services and Other	294	–	294	0%	-9.2%
Total	**41,241**	**13,904**	**55,145**	**100%**	**-5.9%**

03. Liquidity and Capital Resources

Liquidity

To optimise its financial position, the FCC Group maintains a proactive liquidity risk management policy by monitoring cash and its projections on a daily basis.

The FCC Group meets its liquidity requirements through the cash flows generated by the businesses and through the financial agreements reached.

With a view to improving its financial position, the Group actively manages collection from its customers to ensure they meet their payment obligations.

For the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Group has the cash disclosed in the consolidated balance sheet (see Note 17 to the consolidated financial statements), and financing (detailed in Note 21 to the consolidated financial statements).

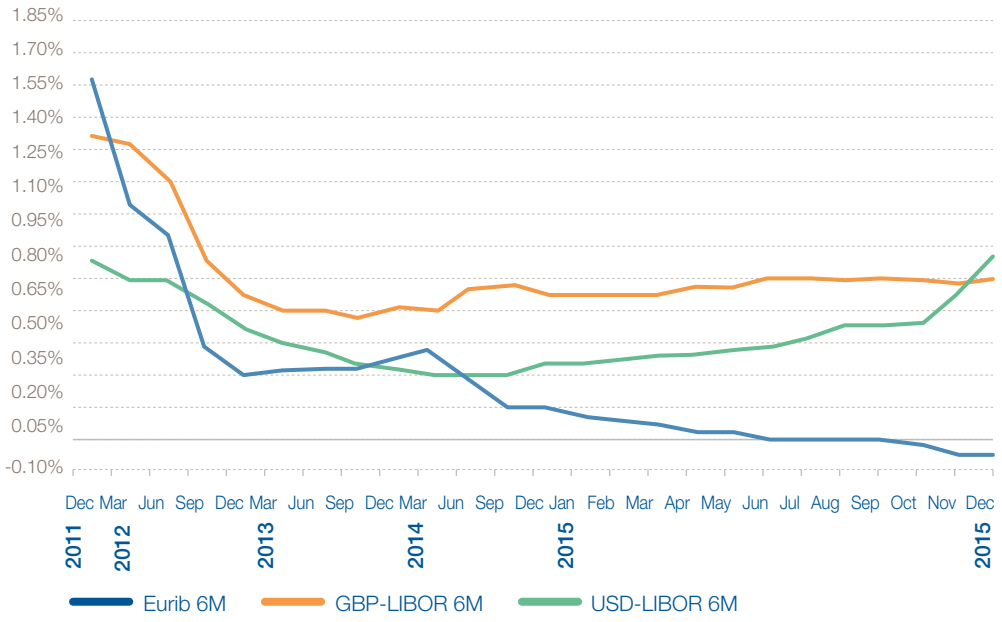
Capital resources

The Group manages its capital to ensure that the Group companies are capable of continuing as profitable and solvent businesses.

As part of capital management operations, the Group obtains financing through a wide variety of financial products from more than 50 Spanish and international financial institutions.

In 2014 the Group completed a EUR 4,528 million global financing process and in recent years it has reached various limited recourse debt refinancing agreements (see Note 21 to the consolidated financial statements). At the end of 2014 a capital increase of almost EUR 1,000,000 thousand was also successfully completed and a new capital increase of EUR 709,519 thousand has recently been announced.

In order to optimise the cost of capital resources, the FCC Group maintains an active interest rate risk management policy that includes ongoing monitoring of the market and assumes various positions based mainly on the financed asset. Interest rate stability in 2015 led to very stable interest rate risk in that year (see Note 31 to the consolidated financial statements).



This section is discussed in further detail in Note 31 to the consolidated financial statements.

04. Main Risks and Uncertainties

The FCC Group is continuing the work initiated in 2014 to implement an Integrated Risk Management Model, which is being progressively deployed and which, once it is fully up and running, will lead to significant improvement in the near future when mitigating the impact of any variances in and breaches of its financial and business strategy. This model will enable the Group to pre-empt the potential risks to which its activities are subject, since it operates in various geographical spheres, activities and legal environments, which, in turn, involve different risk levels inherent to the businesses in which it performs its operations.

In 2015 the Risk Management Department prepared and submitted to the Audit and Control Committee for approval a new set of regulations relating to the Governance, Risk and Regulatory Compliance of the FCC Group. This set of regulations includes, among other documents, the Risk Management Policy and System, which are expected to be approved by the Group's Board of Directors in 2016, thereby promoting the implementation of the risk control and management model.

The aim of the Risk Management regulations is to implement, develop and improve, on an ongoing basis, a common working framework or structure, the purpose of which is to integrate the risk management process into corporate governance in relation to the organisation, planning and strategy, management, reporting processes, policies, values and culture:

- Integrating the risk-opportunity viewpoint into the FCC Group's management, by defining the risk strategy and appetite, and incorporating this variable into the strategic and operating decisions.
- Dividing, at the operating level, functions between the risk management or risk-taking areas and the areas responsible for their analysis, control and supervision, guaranteeing an appropriate level of independence.
- Reporting, in a transparent fashion, the Group's risks and the functioning of the systems developed for their control to the Board of Directors, establishing the appropriate channels for facilitating such communication.
- Supervising the implementation of action plans that are appropriate for dealing with the various risks.
- Acting at all times in accordance with the law and with the Group's corporate governance system and, in particular, with the values and standards of conduct reflected in the Code of Ethics and with the principle of "zero tolerance" towards unlawful acts and situations of fraud.
- Supervising adequate compliance with the corporate governance rules established by the FCC Group, through its corporate governance system, ensuring in turn the update and continuous improvement of that system within the framework of the best international transparency and good governance practices, thus making it possible to monitor and measure them.

That Risk Management Policy defines a risk management and control model based on the existence of three risk management levels. The first and second risk management levels lie within the business units themselves, which in the course of their activities give rise to the FCC Group's risk exposure.

The first level of risk management is the responsibility of the operating lines of the business units, which are responsible for managing, monitoring and reporting adequately the risk generated, which must be in line with the risk appetite and risk limits authorised.

The second Internal Control level corresponds to the risk support, control and supervision teams at the business units. This second level is responsible for the effective control of the risks and for ensuring that they are managed in accordance with the risk appetite level defined.

The third risk management level corresponds to the corporate functions outside the business units which are therefore independent from the business units. The most significant corporate function in the risk management process is that performed by the General Internal Audit and Risk Management Division, which reports directly to the Audit Committee and discharges two different functions, namely the Risk Management function and the Internal Audit function.

Over and above the lines of defence, the Board Committees and the executive risk committees at both corporate and business unit level are responsible for the adequate management and control of the risks from the highest level within the organisation.

In 2015, as a continuation of the work performed in 2014 and in line with the content of the regulatory documents described, the risk in each business area was partially managed in 2015 through:

- The identification of the key risks for the FCC Group, based on their potential threat to the attainment of the organisation's objectives in each business area.
- Risk evaluation. The risk valuation scales are defined in accordance with the potential impact of the risks if they materialise and their likelihood of occurrence.
- The identification of the controls and procedures that mitigate both the economic impact and the likelihood of occurrence.
- The identification of the specific control activities that mitigate both the economic impact and the likelihood of occurrence.
- The identification of risk indicators that constitute a warning system, detecting signs in relation to risk exposure and risk materialisation, giving warnings regarding the situation and making it possible to adopt preventative measures to stop the risk from materialising.
- The identification of an owner for each identified risk, as the person responsible for maintaining an adequate Internal Control level.

In addition, in order to guarantee compliance with the best practices in this field (COSO), the FCC Group's General Internal Audit and Risk Management Division oversaw the work performed by the various business areas during the implementation stages of the Model relating to risk identification and assessment, the appropriate identification of existing control activities and identification of the most effective early risk materialisation indicators.

In 2016, and within the aforementioned regulatory framework, work will continue on the implementation of the Model. For risks exceeding the Accepted Risk for each sector of activity, the necessary action plans will be put into place, including possible corrective measures enabling their critical nature to fall within the Accepted Risk area. These action plans will include the measures required to strengthen existing controls and could potentially include new controls. Work will also be carried out with a view to identifying control performance indicators.

Also, work will continue on updating specific Risk Management procedures in each business area, to ensure compliance with the Model and the active involvement of the business areas in any decision-making process within the organisation.

The FCC Group's risk management system, following best business practices in this sphere and applying COSO methodology, categorises the following types of risk:

- **Strategic risks:** Risks considered key for the organisation which must be managed proactively and on a priority basis. Should such risks materialise, they would seriously jeopardise the attainment of the strategic objectives.
- **Operational risks:** These are risks associated with operating management and the value chain of each of the organisation's business lines and the protection of its assets against possible losses.
- **Compliance risks:** Risks affecting internal and external regulatory compliance.
- **Financial risks:** Risks associated with financial markets and cash generation and management.
- **Reporting risks:** Risks relating to internal and external financial and non-financial reporting which encompass established factors such as reliability, timing and transparency.

In view of the unique nature of reporting risks and the importance for the FCC Group of controlling them adequately, in 2015 work began on classifying them as a separate category, making reference to risks associated with the reliability of the businesses' financial reporting, which is consolidated at the FCC Group's parent, including those relating to the generation of information and its management throughout the organisation. Until now, the reporting risks had been included in the operational and strategic risk category.

4.1. Main risks and uncertainties. Operational risks

a) Public Authorities can unilaterally amend or terminate certain contracts before they have been fully performed. In these cases, the compensation to be received by the FCC Group might not be sufficient to cover the losses incurred and, also, such compensation might be difficult to collect.

b) The economic crisis has led to a slump in the tax revenues of Public Authorities, causing a decline in investment in industries such as concessions or infrastructures.

c) Certain municipalities could decide to manage the services currently provided by the FCC Group.

d) The FCC Group's design and construction activities expose it to certain risks, including those relating to economic losses and third-party liability.

e) The FCC Group carries on its activities through long-term contracts that can adversely affect its ability to react swiftly and appropriately to new unfavourable financial situations.

f) The FCC Group's ability to make payments is linked to its customers' ability to make payments.

g) The decline in the acquisition of goods and services or project delays in both the public and private sectors can adversely affect the FCC Group's results.

h) The FCC Group relies on technology to develop its lines of business and maintain its competitiveness. If the FCC Group failed to keep up with technological developments or industry trends, its business could be adversely affected.

i) The companies in which the FCC Group has ownership interests together with third parties may expose it to risks.

j) Certain of the FCC Group's investees are controlled by third parties over which the FCC Group does not exercise control.

k) The FCC Group's backlog is subject to project adjustments and cancellations and, therefore, is not a sure indication of future revenue.

l) The FCC Group participates in tender processes and authorisation regulatory procedures, in which significant expenses can be incurred, without any guarantee of success.

m) The FCC Group carries on its activity in competitive markets.

n) Public opinion may react negatively to certain FCC Group facilities.

o) The FCC Group uses large volumes of energy in its business, exposing it to the risk of fluctuations in energy prices.

p) The departure of key technical and management staff could hamper the success of business operations.

q) The FCC Group is increasingly dependent on IT systems.

r) The FCC Group is subject to litigation risk.

s) The industries in which the FCC Group operates are subject to intense scrutiny by competition authorities.

t) If the FCC Group fails to obtain Government approval for its projects or suffers delays in obtaining them, its financial position and results could be adversely affected.

u) The FCC Group's activities are subject to laws and regulations against bribery and corruption that affect where and how the FCC Group conducts its activities.

v) The FCC Group can be affected by accidents that take place at its construction projects.

w) Risks associated with the Environmental Services Area.

   i. The landfill business in the UK has been and continues to be exposed to a very adverse market climate, which could continue to deteriorate in the future, thereby having a negative bearing on the FCC Group.

   ii. A decline in waste collection would lead to a fall in the amounts received.

x) Risks associated with the Water Area.

   i. The Water business activities are sensitive to changes in consumption models.

   ii. The Water business is sensitive to weather conditions.

   iii. In the supply of drinking water, the FCC Group must ensure that water is fit for human consumption.

   iv. Polluted water discharges could adversely impact the FCC Group.

y) Risks relating to the Construction Area.

i. The FCC Group is subject to construction-related risks.

ii. The construction industry is highly cyclical.

iii. The FCC Group's construction projects could be delayed or their budget might be exceeded, leading to lower profits than those expected or losses.

z) Risks associated with the Cement Area.

i. The cement business's operations are subject to emission control regulations.

ii. The construction material market is significantly affected by the cyclical nature of the construction industry.

4.2. Main risks and uncertainties. Financial risks

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

Capital risk

Capital risk is described in greater detail in point 3 in this consolidated Directors' Report.

Interest rate risk

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the ongoing monitoring of markets and on assuming different positions based primarily on the asset being financed.

Foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the statement of profit or loss.

Solvency risk

The most representative ratio for measuring solvency and capability of repaying the debt is: Net Debt/EBITDA.

Liquidity risk

Liquidity risk is described in greater detail in point 3 in this consolidated Directors' Report.

Concentration risk

This risk arises from the concentration of financing transactions with common features which are distributed as follows:

- **Sources of financing:** in order to diversify this risk, the FCC Group works with numerous Spanish and international financial institutions in order to obtain financing.
- **Markets/Geographical area (Spanish, foreign):** the FCC Group operates in a wide variety of Spanish and international markets. The Group's debt is concentrated mainly in euros and the remainder in various currencies in several international markets.
- **Products:** the FCC Group arranges various financial products, including loans, credit facilities, bonds, syndicated transactions, factoring, discounting, etc.
- **Currency:** the FCC Group finances its operations in a wide variety of currencies, corresponding to the country of origin.

Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position, could result in the risk of non-payment of the amounts owed.

The Group requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in ongoing monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group's policy is to not accept projects without an allocated budget and financial approval. Offers exceeding a certain collection period must be authorised by management of the Financial Department. Furthermore, late payment is monitored on an ongoing basis by specific bodies, including the risk committees.

Financial derivatives designated as hedging instruments

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in the notes to the consolidated financial statements. The main financial risk hedged by the FCC Group using derivative instruments relates to fluctuations in the floating interest rates to which the FCC Group companies' financing is tied. Financial derivatives are measured by experts on the subject that are independent from the Group and the entities financing it, using generally accepted methods and techniques.

The financial risks to which the Group is exposed are discussed in greater detail in Note 31 to the FCC Group's consolidated financial statements.

05. Significant Events After the Reporting Period

As regards the new capital increase agreed on by the Board of Directors on 17 December 2015 (see Note 4), on 5 February 2016 the reference shareholders of the Company, Ms Esther Koplowitz Romero de Juseu and the companies related to her (Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U.) entered into a novation agreement amending but not extinguishing the related investment agreement signed on 27 November 2014, with Inversora Carso, S.A. de C.V. (Carso) (the Guarantor) and its subsidiary Control Empresarial de Capitales, S.A. de C.V. (CEC) (the Investor). The main issues addressed in the aforementioned novation are as follows:

- The inclusion of Nueva Samede in the agreement, as a future new shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) following the new capital increase.
- The continuation of FCC's recapitalisation process, establishing the conditions and deadlines.
- The amendment of FCC's corporate governance regime, as regards the transfer of shares in the event that, as a result of the new capital increase and the subscription undertaking of the Investor and/or Guarantor (see Note 14), the investor owns more than 29.99% of the share capital with voting rights or acquires control of FCC, as well as the elimination of the provision relating to the maximum ownership interest of the parties in the Company's share capital.

– Undertakings in relation to the new capital increase: i) with respect to the sale of the pre-emption rights with which Nueva Samede undertakes to acquire and the current shareholders undertake to transfer all of the rights arising from the capital increase; ii) Nueva Samede will subscribe and pay in full shares for a maximum amount of EUR 159,504,126; iii) CEC will subscribe and pay in full shares for a maximum amount of EUR 182,178,126; iv) the possibility for CEC or Carso to subscribe additional FCC shares, pursuant to the terms and conditions provided for in the new capital increase prospectus, which could lead to their ownership interests in FCC after the capital increase being higher.

– Amendments to FCC's bylaws and changes to the composition of the Board of Directors in the event that CEC and/or Carso attain a percentage of the voting rights equal to or higher than 30% or they gain control over the Company in any other way.

Also, on 5 February 2016 Ms Esther Koplowitz Romero de Juseu, Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U. entered into a sale agreement for the pre-emption rights of the new capital increase and other complementary agreements. The main aspects included in the agreements refer to: i) establishing the terms and conditions that will govern the transfer of the pre-emption rights of Ms Esther Koplowitz and Dominum Dirección y Gestión, S.A. resulting from the new capital increase to Nueva Samede, S.L.U.; ii) the subsequent exercise of the aforementioned rights by Nueva Samede; and iii) the undertaking of Carso (as the financing party) to finance Nueva Samede for the acquisition of the pre-emption rights and the payment of the shares arising from the new capital increase.

On 9 February 2016 the Securities Note was approved by the Spanish National Securities Market Commission. The pre-emption right period ran from 12 February to 26 February 2016, inclusive. The official listing of these new shares will be requested, and it is estimated that the official listing will take place on 4 March 2016.

As a result of the agreement of 12 February 2016 for the aforementioned new capital increase effective on that date, and pursuant to the terms and conditions established In the convertible bond issue (see Notes 18 and 21), the conversion price was recalculated to EUR 21.50 per ordinary share, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,325.58 ordinary shares.

06. Company Outlook

Set forth below are the prospects for 2016 for the main business areas composing the FCC Group. The construction and services backlog at 2015 year-end, which amounted to EUR 32,499 million, guarantees the continuation of a high level of activity over the coming years.

In the **Environmental Services** Area in Spain, once the budgets of the public authorities have been established, a conservative scenario is envisaged as 2016 is a post-election year and significant growth is not expected. Also, CPI growth is close to zero, meaning that growth will similarly not be triggered by index-linked price revisions. Very strict control will continue to be exercised over costs in order to maximise profitability. The number of energy efficiency contracts is expected to continue to rise, which could lead to moderate growth in this market niche. Trade receivables, after the introduction of the public administration electronic invoice, have stabilised, as a result of which the levels of 2015 are expected to be maintained or even improved upon.

On the international stage, landfill activity is expected to continue to progressively decline, the effect of which will be offset by the higher growth of the recycling, treatment and incineration activities, which offer greater value added and in which FCC has a prominent position at European and world level. 2016 will also see a reduction of the volume of business associated with the construction of plants under concession arrangements, which was unusually high in 2015. Overall, the volume of business will be similar to that of 2015. In this regard, the performance of new waste treatment and incineration projects through both long-term PPP (public private partnership) contracts and private contracts is forecast to continue in 2016. Particularly worthy of mention is the contract for the Edinburgh and Midlothian treatment and incineration plant, awarded to FCC in December 2014, the financing of which is expected to be closed and construction of which is expected to begin in the first half of 2016.

FCC is working on the development of other similar projects both in countries in which it already has a presence and new geographical areas. It should be noted that in 2015 FCC has pre-qualified for the final phase of a call for tenders for waste treatment and incineration concessions in Serbia and Kuwait, the final bids for which will be submitted in 2016.

In 2016 work will continue on the implementation of the current landfill activity optimisation plan aimed at only keeping assets that meet market demand at medium term. Work will also continue on the existing treatment plant performance enhancement programme with the consolidation of the businesses in Eastern Europe. These measures contributed to improving margins in 2015 and the trend is expected to continue in 2016.

Also, in the Industrial Waste industry, continuing on from the situation in 2015, there continue to be signs of an improvement in the volumes of waste managed as a result of an upturn in industrial activity. Particularly noteworthy is the increase in the volume of soil decontamination work at urban brownfield sites. In Portugal the waste treatment activity is expected to be maintained in 2016, although a significant drop in soil decontamination work is forecast as a result of the absence of ERDF funds for the coming year, which is expected to be offset by the import of waste from other countries.

In the US, the operations of the Theodore (Alabama) plant engaging in the management of waste from oil production and extraction activities were affected by the sharp drop in oil prices and, therefore, by the closure of many on-shore facilities. Steps are currently being taken to explore the possibility of importing waste from off-shore platforms in the Gulf of Mexico through a new waste transfer plant in Port Fourchon. Also, in connection with urban waste management, the number of waste management bids tendered to public sector entities has been increased, and in 2015 urban solid waste collection contracts were won in two areas of Orange County (Florida), one of which commenced on 1 January 2016. A contract was also won for the construction and operation over 15 years of a plant in Dallas (Texas) for the management of the selective waste collection for the city which will be built in 2016 and which will start operating in 2017. FCC is continuing to tender for new contracts in other municipalities.

Noteworthy in the **End-to-End Water Management** Area in Spain are the measures taken by the Spanish Central Government to establish a flexible and efficient regulatory framework for this industry. The Ministry of Agriculture, Food and Environmental Affairs has produced an initial draft of the Water Industry Bill, although the new legislation was put on hold as a result of the general elections. Also, the initial draft of the Economic De-Indexing Bill was approved in March and the Public Procurement Bill is currently at the public information stage. These regulatory measures are expected to boost investment in the renewal of distribution networks and treatment facilities, which will augment the private management of water in Spain.

In the international field, worthy of note in Italy was the introduction of a national regulator for determining tariffs based on the full-cost recovery principle, which is enhancing the perception of the business by investors present in the market and will serve as a stimulus for the creation of new PPP arrangements with Local and Regional Government.

In North Africa, sea water desalination and waste water purification constitute business opportunities in the countries in which Aqualia already has a presence. Noteworthy in Egypt is the award of a contract for the design, construction, operation and financing of the Abu Rawash waste treatment plant. Once completed, the plant will process 1.6 million m^3 of water per day and will serve 5.5 million people, making it one of the largest of its kind in the world.

In Saudi Arabia the SWCC (the body responsible for water production in the Kingdom) will implement a new desalination plan and the NWC (the body responsible for the distribution of drinking water to the most important cities) will complete certain of the concession arrangements that it has been designing for some years now. Oman will continue to implement its desalination plan through PPP arrangements and in the US O&M services contracts are expected to be launched which, based on the experience gained in Saudi Arabia and Abu Dhabi, represent good business opportunities.

In India regional governments have made improving water supply and purification a priority objective, giving an important boost to infrastructure construction and operation contracts that guarantee uninterrupted supply. FCC Aqualia, in conjunction with a major local partner, has already achieved two contracts of this type.

In North America, FCC Aqualia has opened a sales office in the US to act as a bridgehead for penetrating this market. Also, it is planned to consolidate operations in the Mexican market where the Group already has a significant volume of business.

Lastly, in Central and South America FCC Aqualia's growth prospects have increased significantly following the sale by FCC of its ownership interest in Proactiva, an investee of the French operator Veolia. At short term, Colombia, Peru, Chile and Brazil are the countries in which the best opportunities are going to arise, although there are also certain infrastructure programmes in place in Paraguay and Panama that are being monitored with interest.

In the **Construction** Area, although the Spanish market is showing signs of recovery, significant growth in the volume of public tenders is not foreseen in the short term. However, the international infrastructure market, stemming mainly from emerging countries with successful economies, presents an opportunity for the FCC Construcción Group.

The FCC Construcción Group is focusing on better management, thus contributing positive results to the statement of profit or loss and cash flow generation.

One objective of the Group in 2016 will be the quest for growth, mainly through the international market, based on adequate risk management that will make it possible to pursue a selective project policy, thus guaranteeing clear possibilities of increasing profitability.

Taking into account the foregoing, it is estimated that revenue in Spain in 2016 will not grow with respect to 2015, due mainly to budgetary restrictions in the public sector.

However, revenue from abroad in 2016 is expected to exceed that earned in 2015, thanks to the performance of large infrastructure construction projects initiated in 2014 and 2015 and to the endeavours being made to open new markets enabling the Group to operate in, as principal areas, the Americas (Central America, Chile, Peru, Colombia and the US), the Middle East (Saudi Arabia and Qatar) and Europe (the UK and Romania).

With respect to the **Cement** Area, it should be noted that the level of revenue is closely linked to the economic performance of the various countries in which the Company is established, which are mainly Spain, accounting for approximately 34% of total revenue, the US, 37% and Tunisia, 17%. Also, CPV exports to other countries such as Canada and the UK and to North Africa from those three countries.

In Spain, where most of the Cementos Portland Valderrivas Group's production facilities are located, the forecasts for 2016 of Oficemen (the Spanish Association of Cement Producers) are optimistic, with a 7% increase in cement consumption. 2016 is the second year since 2007 that growth forecasts have been positive. The industry saw an ongoing decline in activity until 2014, when the volume of business stabilised at the level of the preceding year, followed by the commencement of growth in 2015 (2011, -16.4%; 2012, -34%; 2013, -21%; 2014, +0.4%; 2015, +5.5%).

CPV's projections in relation to the evolution of the market are similar to those of Oficemen. Of the total number of tonnes produced by CPV in Spain, approximately 31% are earmarked mainly for export. This proportion is expected to remain the same in 2016, although cement exports are expected to fall and clinker exports are expected to rise. Also, the forecast is for prices to increase by 4.4% in the domestic market.

In the US, the estimates of the PCA (Portland Cement Association) indicate annual market growth of approximately 5.0%/5.7% for 2016-2017, which will be led by the residential sector, while civil engineering work will see more moderate increases due to the budgetary restrictions of US State Government. In view of this market trend, the outlook is bright in terms of revenue generation in this market in the coming years. The percentage of sales in tonnes for export in the US was approximately 4.5% in 2015 and is expected to remain practically unchanged in 2016.

The Tunisian market is expected to increase slightly by an estimated 3% in 2016. This market growth will be adversely affected by the presence of new installed production capacity in the market in 2014. Exports to other countries in North Africa are expected to increase slightly by 6%, thus leading to a rise in CPV's revenue in these countries with respect to 2015.

In this context, the Cementos Portland Valderrivas Group will continue to implement its policies to contain costs and restrict investments and adapt all organisational structures to the reality of the various markets in which it operates, in order to improve cash flow generation.

07. R&D+I Activities

In 2015 the FCC Group's R&D+i activities encompassed more than 60 projects.

Set forth below is a description of the activities of the various business Areas and of the main projects carried out in 2015.

Environmental services

In the Environmental Services Area, aside from continuing with the research work in various projects that commenced in previous years, other new projects have been performed, focusing mainly on specialised machinery to enhance operations in the urban cleaning business. The main projects are as follows:

- **VEMTESU**. Definición, diseño y desarrollo de un vehículo eléctrico con baterías y ultra-condensadores, de carrocería auto portante y cabina baja.
- **ELECTRIC GUTTER CLEANER**. Definition, design and development of a fully electric heavy truck for urban hydrodynamic cleaning services. This is a vehicle with permanent electric traction with no mechanical transmission.
- **ELECTRIC SWEEPER**. Development and manufacture of a prototype fully electric air sweeper equipped with a third brush.

As regards the projects initiated in prior years, work continued on the **ULTRACAPS TRUCK** project, which consists of the transformation of a CNG-powered side loading collector-compactor unit into another truck using an electrical traction system and basic energy storage using ultracapacitor technology.

Also, work was completed on the **ECO-EFFICIENT MANAGEMENT INDICATORS** project, consisting of establishing and implementing a system of benchmark indicators that enable the environmental efficiency of the FCC Group's environmental division's production processes to be assessed, in terms of optimisation of resources, reduction in GHGs and adaptation to climate change.

In addition, work continued on the **ADVANCED SOLUTION FOR THE GLOBAL MANAGEMENT OF ALL THE PROCESSES AND PLAYERS IN ENVIRONMENTAL CONTRACTS** project, which encompasses various objectives such as process improvement, swiftness of response vis à vis new business requirements, global access to more favourable functionalities, management of geo-referenced information, etc.

In the Industrial Waste Area, one of the emblematic research projects initiated in prior years was completed, namely the **CEMESMER** project, which was carried out with Portland and FCC CO.

The work in 2015 focused on the study of the reuse as a construction material of the waste treated at a pilot plant with a new range of high-yield cement products aimed at immobilising the mercury in waste. This work was carried out with the assistance of the Eduardo Torroja Institute for Construction Science.

The activities in strategic fields for the Industrial Waste Area include most notably the following:

- **GLASS**. As part of the strategic line of strengthening the reuse of materials found in waste, final finishing processes were studied and developed that are capable of generating, from selected recycled glass, a new by-product that can be used as a high valued added additive in the construction of countertops and other ceramic materials.
- **RECO2VAL PROJECT**. As part of this project, demonstration work was performed at the pilot plant for CO_2 reduction processes through the carbonatation of waste and mineral raw materials and subsequent recovery of carbonatation products.

End-to-end water management

FCC Aqualia's innovation activity was consolidated in 2015 with the addition of new projects to each of the three areas of development: Sustainability, Quality and Intelligent Management.

- **CIEN SMART GREEN GAS**. As part of the Centre for the Development of Industrial Technology (CDTI) National Business Research Partnerships (CIEN) programme, Aqualia is heading a consortium of six entities working towards the development of efficient biomethane network production and management infrastructure. FCC Aqualia's initial tasks are taking place in Jerez and Aranda del Duero and are aimed at controlling the quality of the biomethane.

- **BIOWAMET BESTF2**.In the European ERANET programme, the BWM project is being conducted with the collaboration of the Universities of Southampton and Delft with the aim of creating synergies with the **LIFE MEMORY** project on anaerobic membrane reactors making it possible to obtain bioenergy from waste water.
- **LIFE METHAMORPHOSIS**. Aqualia heads a consortium of six entities working to implement at the el Besós Eco-Park, managed by FCC, three recently-developed technologies: AnMBR, ELAN (autotrophic nitrogen removal) and a biogas washing system. The purpose of the project is to obtain biomethane that can be injected into the natural gas network or be used as vehicle fuel.
- **INNOVA E3N.** The project seeks energy-efficient nitrogen removal. As a continuation of the **IMPACTAR** project financed by the Cantabria Autonomous Community Government, the pilot installed in the Santander sewerage system will be optimised in order to test decentralised compact treatment plants.
- **LIFE ICIRBUS**. The Innovative Circular Businesses (Icirbus) project aims to demonstrate the reuse of treatment plant waste for construction materials and biofertilisers at two Aqualia plants in Extremadura. Led by the Intromac technology centre, it comprises eight companies with an EU-subsidised budget.

In 2015 work continued on another six multi-year research projects, which will continue into 2016.

In the Sustainability area, two projects are still in progress:

- **ALL-GAS** (bioenergy production through waste water purification). This project has entered the final large-scale demonstration phase and will permit the transformation of up to 5000 m^3/d of municipal waste into biomethane for 35 vehicles.
- **RENOVAGAS** (Renewable Natural Gas Generation Process). Financed by the Spanish Ministry of Economy and Competitiveness. The aim is to develop a synthetic biogas-fuelled natural gas production plant that produces the gas through the methanisation of hydrogen obtained from renewable sources.

In the Quality area, there are three ongoing European projects:

- **LIFE MEMORY**. Demonstration at industrial prototype level of the technical and economic feasibility of an innovative technology, an Anaerobic Membrane Bioreactor, which makes it possible to convert the organic matter contained in waste water into biogas. Energy consumption and CO_2 emissions are reduced by up to 80%, with 25% less space required than a conventional aerobic WWTP and a reduction of around 50% in the volume of sludge produced.
- **LIFE BIOSOL** (Biosolar water reuse and energy recovery). Led by the French SME Heliopur, it demonstrates a new biological and solar waste water treatment concept to permit the reuse of water and the recovery of gases and organic waste. The first prototype installed in the Centa (Seville) facility was completed.
- **CIP CLEANWATER**. Led by the French SME Ceramhyd, it implements a new water disinfection technology for three uses: drinking water, desalination and reuse. The first device has been installed at the El Toyo WWTP in Almería and preparations are underway for two more pilot installations in Denia and Valdepeñas.

  In the Intelligent Management area the **MOTREM** project was selected for the European Water JPI initiative. **MOTREM**, led by Universidad Rey Juan Carlos in Madrid, together with three other universities in Finland, Italy and Germany, contributes new technologies for the monitoring and treatment of emerging contaminants (ECs) in the current line of the municipal waste water treatment plants, with special emphasis on water reuse.

  In 2015 the following five projects were completed: **IDEA REGENERA** (Andalusia Autonomous Community Government), **INNPACTO DOWNSTREAM** (Spanish Ministry of Economy and Competitiveness), **INNOVA INPACTAR** (Cantabria Autonomous Community Government), **LIFE REMEMBRANE** (EU) and **URBAN WATER** (EU FP), yielding the following results:

- **REGENERA**. Co-financed by the Andalusian agency IDEA, this consortium developed a new way of obtaining value from algae biomass in the form of biofertilisers. .
- **DOWNSTREAM**. Co-financed by the Spanish Ministry of Economy and Competitiveness and with the support of Universidad de Cádiz, ITC (Canary Islands) and Tecnalia, this project has improved the separation, processing and use of algae biomass as a source of energy.

- **INPACTAR.** Co-financed by the Cantabria Autonomous Community Government's Innova programme, together with Universidad de Cantabria in Santander, a new compact technology was scaled to permit the reuse of water in small urban centres.
- **REMEMBRANE**. This project, subsidised by the EU Life programme, demonstrated a new way of recovering reverse osmosis membrane modules in desalination. In conjunction with Leitat, Tecnoma, Ambicat and Agencia de Residuos Catalana, pilot plants were built in Denia and Talavera, and the reuse of reconditioned modules from the Ibiza desalination plant in the La Solana (Ciudad Real) drinking water treatment plant was demonstrated. Other applications for the methodology developed and its commercial use are being studied.
- **URBANWATER**. As part of the ICT (Information and Communication Technology) cluster of the European FP 7 framework programme, Aqualia was invited to coordinate the project in which twelve partners from eight countries participated. A platform of electronic applications for monitoring water distribution networks was built and implemented in Aqualia's operations in Almería and Janovice (Czech Republic).

  During the year, the FCC Aqualia team of researchers obtained three new patents for two key aspects of algae cultures, the configuration of the reactor (LEAR: Low Energy Algae Reactor) and the CO_2 enriching system in order to reduce the energy consumption of the operation.

  In addition, the results of the related research were presented at major scientific congresses and events.

Construction

FCC Construcción fosters an active policy of technological development, while permanently applying innovation to its construction projects, with a firm commitment to research and development, sustainability and the contribution to quality of life in Society as competitiveness factors. This innovation policy is coordinated with the other business areas of the FCC Group.

The development and use of innovative technologies to carry out construction projects contribute significant value added and are differentiating factors in the current market, which is highly competitive and internationalised.

The projects developed by FCC Construcción and its investees are of three types: internal projects, projects with other FCC Group companies and projects carried out in conjunction with other companies in the industry or other related industries, frequently with technology-driven SMEs, which makes it possible to perform open innovation projects with a participation in the value chain and, occasionally, on a horizontal cooperation basis. Also, the presence of universities and technological institutes is fundamental in practically all the projects.

Some of the projects are carried out in consortia with Public Authorities, such as the European LIFE "**ZERO RESIDUES**" Project, the main aim of which is to design measures for protecting birdlife using anti-collision screens on high-speed train lines with the participation of the Spanish Railway Infrastructure Manager Adif.

2015 saw the approval of a new Spanish Ministry of Economy and Competitiveness CDTI (Centre for the Development of Industrial Technology) project, the DANAE project, the aim of which is to develop a new system for the automated intelligent regulation of the installation of adaptive lighting in tunnels, led by Empresa Mantenimiento de Infraestructuras, S.A.

FCC Construcción carries out both Spanish and international R&D+i projects.

In Europe, as part of the H2020 programme, the following projects have been approved:

- **IN2RAIL** (Innovative Intelligent Rail). Led by Network Rail, the aim of this project is to set the foundations for a resilient, consistent, cost-efficient, high capacity and digitised European railway network. Innovative technologies will be studied for a global approach that covers an intelligent infrastructure, intelligent mobility management (I2M), new power sources for railways and energy management. The results of this project will contribute to the Shift2rail initiative, a PPP dedicated to railways and falling within the Horizon 2020 programme, the objective of which is to make progress towards the introduction of the single European railway area.
- **NANOFASE** (Nanomaterial Fate and Speciation in the Environment). The objective of this project is to determine the fate of nanomaterials in the environment.

The following Spanish projects carried out in 2015 are worthy of mention:

- **DOVICAIM**. This project is being carried out in conjunction with Instituto de Hidráulica Ambiental "IH Cantabria", and is aimed at developing an integrated methodology and the tools required to support the complete life cycle of the construction of vertical docks using prefabricated blocks in a floating dock, including design, optimisation, construction, installation and operation. The project is focused directly on the clear strategic priority of ensuring the international development of FCC Construcción.
- **SORT-i**. Stemming from the Retos-Colaboración tender process, its main objective is the development of tools based on optical systems and new technologies for the identification, monitoring and management of structural risks of buildings and infrastructure in an intelligent, automatic and telemetric manner, as a means to maximise safety and minimise the risks of physical damage in high-potential situations of structural collapse.
- **SETH**. This relates to the development of a comprehensive structural monitoring system for buildings based on holistic technologies.
- **BOVETRANS**. The aim of this project, which was completed in 2015, was to develop a system of light transition vaults in road tunnels that will take advantage of sunlight, a project in cooperation with the Murcia Demarcation of State Roads, monitored in particular by the Spanish Directorate General of Roads.
- **APANTALLA.** On new nanostructured materials with improved electromagnetic radiation shielding properties.
- **SEA MIRENP.** Completed in 2015 and based on marketable eco-efficient by-products yielded by integrating recycled materials at ports, the objective of which is to conduct research on the application of construction and demolition waste at port construction projects.
- **SEIRCO**. This project, which stemmed from the Innterconecta tender process for Galicia and which entailed the development of an intelligent expert system for risk assessment in various areas of the construction industry, was completed in 2015.
- **SPIA**. This project, which was completed in 2015, consisted of the development of new high-visibility signage systems in order to create a self-contained personal lighting system.
- **CEMESMER**. This project was carried out in conjunction with the Cementos Portland Valderrivas Group and was completed in 2015. A new range of cements was developed for immobilising mercury, thereby achieving a technological breakthrough in treatment processes for mercury-contaminated waste, for its potential recovery for reuse as a construction material.
- **MERLIN.** Based on the development of better local refurbishment of infrastructure, this project was carried out in cooperation with the Cementos Portland Valderrivas Group.

The European projects include most notably the following:

- **BUILDSMART** (Energy Efficient Solutions Ready for the Market). The purpose of this project is to demonstrate that it is possible to construct buildings with very low energy consumption in an innovative and profitable way. The project includes the design, construction and monitoring of new residential and non-residential buildings in Sweden, Ireland and Spain.
- **SMARTBLIND** (Development of an active film for smart windows with inkjet method). Based on research into a smart window using an active film applied using the inkjet method and the development of an autonomous smart device.
- **IMPACTO CERO**. The objective of this project is to develop an anti-collision screen for birdlife based on the concept of equally-spaced tubular screens.
- **CETIEB.** The main objective of this project is to develop innovative solutions for better environmental quality monitoring inside buildings.
- **ASPHALTGEN**. (Serviá Cantó, S.A. project). A project based on research into new asphalt aggregate paving with self-generating features based on technology consisting of ionic liquids encapsulated in inorganic materials.
- **GUIDENANO**. (Serviá Cantó, S.A. project). Based on the development of innovative methodologies to evaluate and manage human and environmental health risks of nano-enabled products, considering the whole product life cycle.

In addition to the two new projects, **IN2RAIL** and **NANOFASE** approved in 2015, FCC Construcción is participating as a partner in the European Eco-innovation Project **REWASTEE**, aimed at the industrial validation, market deployment and replication of a developed technology for recycling steelmaking wastes and manufacturing multifunctional building products.

FCC Construcción is participating in numerous European and Spanish R&D+i associations with the shared objective of articulating the role of the company as a driving force behind research, development and technological innovation in the Construction Area, pursuant to the approach taken in the EU's current H2020 programme.

Cementos Portland Valderrivas

The Cementos Portland Valderrivas Group's commitment to society takes the form of innovation in products, processes and technologies inherent to the materials it processes and manufactures.

Its innovation is designed strategically on the basis of three main axes:

- **Product innovation**. Leading to high-durability and high-mechanical performance cements.
- **Sustainable construction**. To obtain eco-efficient materials with a reduced carbon footprint.
- **Construction solutions**. Based on integral customer service.

The activities carried out in 2015 included the continuation of the work performed in 2014 on the R&D projects approved in the various innovation tender processes such as INNPACTO (**NANOMICROCEMENTO, CEMESMER, HD_BALLAST**), of the Spanish Ministry of Economy and Competitiveness, and INNTERCONECTA (MAVIT) and INNPRONTA (IISIS) of the CDTI.

The aforementioned projects yielded excellent results:

- **NANOMICROCEMENTO**. New nanomicrocement manufacturing technology.
- **CEMESMER**. Cement with high mercury and other heavy metal stabilising capacity.
- **IISIS**. New high-performance concretes aimed at rapid construction of artificial islands in a marine environment.
- **MAVIT**. New additives for low-CO_2 cements obtained in the framework of greater process efficiency.
- **BALLAST_HD**. Development of a new artificial heavy ballast for use on high-speed railway tracks to minimise vibration.

In parallel, work continued on the MERLIN project, aimed at improving the installation in construction projects of concrete paving and asphalt renovation, with lower energy consumption over the product life cycle.

In 2015 new challenges were tackled such as the emergence of other lines of research at the R&D laboratories of the Cement Area, relating mainly to cement quality or the improvement of its applications, through studies of durability performance in reinforced concrete structures, without overlooking the broadening of the range of special products offered.

Dissemination of the results led to the Group's participation in various international cement industry congresses.

All the initiatives carried out contribute to strengthening the image of the Cement Area, especially with the synergies established with a large number of potential users and external companies, technical research institutes, universities and government-controlled public sector bodies, positioning the Cementos Portland Valderrivas Group as a benchmark in R&D+i in the development and application of cementitious materials in the industry.

08. Acquisition and Disposal of Treasury Shares

The FCC Group does not perform any transactions involving treasury shares other than those included in the framework agreement of the CNMV on Liquidity Contracts, which aims to provide the share price with liquidity and depth, in accordance with current legislation. The Liquidity Contract was suspended on 18 December 2015.

It is estimated that the treasury share Liquidity Contract will not have any impact on the returns obtained by shareholders, since the nature and purpose of the Contract are contrary to the existence thereof, or on the earnings per share of the FCC Group.

At 31 December 2015, the FCC Group held directly and indirectly a total of 415,500 Company shares, representing only 0.159% of the share capital.

09. Other Relevant Information. Stock Market Performance and Other Information

9.1. Stock Market Performance

Following is a detail of FCC's share performance in 2015 compared to 2014.

	Jan. - Dec. 2015	Jan. - Dec. 2014
Closing price (EUR)	7.00	11.75
Change	(40.4%)	(0.8%)
High (EUR)	11.89	15.49
Low (EUR)	5.56	9.54
Average daily trading volume (no. of shares)	1,907,102	1,331,501
Effective daily volume traded (millions of euros)	17.8	20.4
Market capitalisation at year-end (millions of euros)	1,824	3,062
No. of shares outstanding at year-end	260,572,379	260,572,379

9.2. Dividends

In accordance with the principle of prudent management and in the best interest of all the Company's shareholders, in December 2012 FCC's Board of Directors resolved not to pay any dividends. This resolution remained unchanged in 2015.

This decision, included within the framework of the restructuring in progress since 2013, the purpose of which is to enhance operating efficiency and strengthen the balance sheet, must be ratified by the shareholders at the Annual General Meeting to be held in the first half of 2016.

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Financial Statements

We have audited the accompanying financial statements of Fomento de Construcciones y Contratas, S.A., which comprise the balance sheet as at 31 December 2015, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Directors' Responsibility for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Fomento de Construcciones y Contratas, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2 to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Fomento de Construcciones y Contratas, S.A. as at 31 December 2015, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of Matter

We draw attention to Note 10 of the accompanying financial statements, which indicates that the subsidiary Cementos Portland Valderrivas, S.A. is currently in the process of refinancing certain financial liabilities which mature on 31 July 2016. In this context, the directors of the Cementos Portland Valderrivas Group are evaluating various alternatives for restructuring the syndicated financing that, together with initiatives announced by its majority shareholder Fomento de Construcciones y Contratas, S.A. in relation to the contribution of additional financing (see Notes 14 and 26), would make it possible to successfully complete the debt restructuring process and to adapt the debt servicing and the cash requirements to the Cementos Portland Valderrivas Group's cash flow generation expectations. The current uncertainty concerning the application of the going concern principle of accounting at the Cementos Portland Valderrivas Group generates doubt as to the recoverability of the investment and loans held by Fomento de Construcciones y Contratas, S.A., in relation to the aforementioned Group, which amount to EUR 624 million.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2015 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2015. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Javier Parada Pardo
25 February 2016



12 Annual Corporate Governance Report

for Listed Companies

FCC's Main Offices in Madrid (Spain).



Annual Corporate Governance Report

for Listed Companies

FCC's Main Offices in Madrid (Spain).

End of relevant fiscal year: 31/12/2015
TAX ID: A-28037224

Company name:
Fomento de Construcciones y Contratas, S.A.

Registered Office:
c/Balmes, 36. 08007 Barcelona

A. Ownership Structure

A.1 Complete the table below on the Company's share structure:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
19/12/2014	260,572,379	260,572,379	260,572,379

Indicate whether there are different classes of shares with different associated rights:

Yes ☐ No ☒

Class	Number of shares	Unit nominal value	Number of voting rights	Different rights
–	–	–	–	–

A.2 Indicate direct and indirect owners of significant stakes in the entity at year-end, excluding Directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights	Pct. of total voting rights
Mr William H. Gates III	0	14,852,625	5.70%
Inmobiliaria Carso S.A. de C.V.	1,293,308	66,798,648	26.13%

Name or company name of indirect holder of stake	Through: name or company name of the direct holder of stake	Number of voting rights
Mr William H. Gates III	Bill & Melinda Gates Foundation Trust	4,429,730
Mr William H. Gates III	Cascade Investment, LLC.	10,422,895
Inmobiliaria Carso S.A. de C.V.	Control Empresarial de Capitales, S.A. de C.V.	66,798,648

Indicate significant changes in the shareholding structure in the year:

Name or company name of shareholder	Transaction date	Description of the transaction
UBS Group AG	14/12/2015	Exceeded 5%
UBS Group AG	29/12/2015	Dropped below 3%

A.3 Complete the tables below regarding the members of the Company's Board of Directors who have voting rights from shares in the Company:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights		Pct. of total voting rights
		Direct holder of stake	Number of voting rights	
Aboumrad González, Alejandro	1	–	–	0.000
Dominum Desga, S.A.	4,132	–	–	0.002
Dominum Dirección y Gestión, S.A.	58,454,939	–	–	22.433
EAC Inversiones Corporativas, S.L.	32	–	–	0.000
Gil Madrigal, Manuel	500	Tasmania Inmuebles, S.L.	17,500	0.007
Inmobiliaria AEG, S.A. de C.V.	1	–	–	0.000
Kuri Kaufman, Gerardo	1	–	–	0.000
Proglio, Henri	4,600	–	–	0.002
Rodríguez Torres, Juan	90,000	–	–	0.035
Vázquez de Lapuerta, Álvaro	500	–	–	0.000

Total pct. of voting rights held by the Board of Directors:	22.43

Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name or company name of Director	Number of direct voting rights	Indirect voting rights		Number of equivalent shares	Pct. of total voting rights
		Direct owner of stake	Number of voting rights		
–	–	–	–		

A.4 **Indicate, where appropriate, any family, commercial, contractual or business relationships among owners of significant stakes, insofar as they are known to the Company, unless they are insignificant or are derived from ordinary commercial transactions:**

Related names or company names	Type of relationship	Brief description
–	–	–

A.5 **Indicate, where appropriate, any commercial, contractual or corporate relationships between owners of significant stakes and the Company and/or its group, unless they are insignificant or are derived from ordinary commercial transactions:**

Related names or company names	Type of relationship	Brief description
–	–	–

A.6 **Indicate whether the Company has been notified of any shareholders' agreements which affect the Company as set out in Articles 530 and 531 of the Spanish Capital Companies Act. If so, list the shareholders involved and briefly describe the agreements:**

Participants in the shareholders' agreement	Pct. of share capital affected	Brief description of the agreement
Ms Esther Koplowitz Romero de Juseu and Financing Entities (Financing Agreement)	50,156	Relevant events of 08/07/2014 www.cnmv.es (See note).
Ms Esther Koplowitz Romero de Juseu and Control Empresarial de Capitales SA de C.V.	50,156	Relevant event of 27/11/2014 www.cnmv.es (See note).

Note:

Relevant event of 08/07/2014: By virtue of the provisions in the long-term syndicated financing agreement that was undersigned between 24 and 31 March 2014 and entered into full force on 26 June 2014, the financing entities assumed a number of restrictions on the transfer of shares ("Pact of Non-transfer of Shares") and a commitment to the orderly sale of the new shares of FCC they might receive should they exercise the warrants after the conversion of Tranche B ("Pact of Orderly Sale"). Since the Pact of Non-transfer and the Pact of Orderly Sale represent a restriction of the free transferability of FCC shares, as the case may be, of the financing entities, both these pacts are shareholders' agreements pursuant to Article 530 of the Capital Companies Act (hereinafter, LSC), therefore hereby such pacts are disclosed and the corresponding clauses are published, in conformity with Articles 531.1 and 531.3 of LSC.

Relevant event of 27/11/2014: the controlling shareholder of FCC informed that the negotiations with Control Empresarial de Capitales SA de CV, a company fully owned by Inmobiliaria Carso SA de CV, which in turn is controlled by the Slim family, were successfully completed. A copy of the agreement was enclosed.

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, give a brief description:

Yes ☐ No ☒

Participants in the concerted action	Pct. of share capital affected	Brief description of the action
–	–	–

If the shareholders' agreements or concerted actions have been amended or terminated in the year, indicate this expressly.

The shareholders' agreements regulating company relations between Larranza and CaixaBank, individually, the party of the first part, and Dominum Dirección y Gestión S.A. of the second part, related to B-1998, S.A., notified on 26 May 2011 and on 3 April 2014, respectively, became void on 15 January 2015. (Relevant event of 19/01/2015.).

Note:

Subsequently to 31 December 2015, separate Relevant Events were presented to the CNMV.

1) Relevant event of 5/02/2016, notifying that Ms Esther Koplowitz Romero de Juseu and her related companies, Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U., signed with Inversora Carso S.A. de C.V. and its subsidiary Control Empresarial de Capitales, S.A. de C.V. a Novation Agreement Amending and Not Extinguishing the Investment Agreement signed on 27 November 2014.

   The main aspects of the Novation of the Investment Agreement are that it establishes the terms and conditions for: (a) the incorporation of Nueva Samede to the Agreement in the capacity of future shareholder of FCC following the New Capital Increase, (b) the continuation of the FCC recapitalisation process by means of the New Capital Increase, regulating the subscription commitment of both I. Carso and Nueva Samede, and (c) the amendment of certain provisions on corporate governance, the share transfer regime and the elimination of the provision on the maximum stake of the parties in the Company's share capital.

2) Relevant event of 9/02/2016, which states: "[for] the purpose of the provisions in Article 228 of the consolidated text of the Securities Market Law approved by Legislative Royal Decree 4/2014, of 23 October, Fomento de Construcciones y Contratas ("FCC" or the "Company") communicates to the market the following Relevant Event: Approval of the securities note on the Capital Increase in relation to the Capital Increase with pre-emptive subscription rights for an effective amount of 709,518,762 euros approved by the Board of Directors of FCC at its meeting held on 17 December 2015, which was communicated to the market by means of a relevant event on that same date and with official registry number 232587, it is hereby informed that the National Securities Market Commission ("CNMV") today approved the Securities Note containing the terms and conditions of the Capital Increase, which is at the disposal of the public at FCC's registered office, and in electronic format both on the CNMV website (www.cnmv.es) and on the FCC corporate website (www.fcc.es). The official announcement of the Capital Increase is scheduled to be published in the Official Gazette of the Mercantile Register (BORME) on 11 February 2016, therefore the pre-emptive subscription period will commence on 12 February 2016 and will last until 26 February 2016 inclusive."

A.7 Indicate if there is an individual or legal entity that exercises or can exercise control over the Company in accordance with Article 5 of the Securities Market Law: If so, name the person.

Yes ☐ No ☒

Name or company name
–

Comments
–

A.8 Complete the tables below about the Company's treasury shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Pct. of share capital
415,500	–	0.159

(*) Through:

Name of direct owner of stake	Number of direct shares
–	–
Total:	

Detail the significant changes in the year, in accordance with Royal Decree 1362/2007:

Date of disclosure	Total number of direct shares acquired	Total number of indirect shares acquired	Pct. of share capital
03/03/2015	2,610,558	–	1.003
21/04/2015	2,618,894	–	1.05
02/06/2015	2,690,628	–	1.034
15/07/2015	2,649,380	–	1.015
26/08/2015	2,684,215	–	1.029
18/11/2015	2,604,969	–	0.997

A.9 Detail the conditions and term of the current authorisation that the Shareholders' Meeting has given to the Board of Directors to issue, buy back or sell own shares.

Resolution of the Annual General Meeting of 23 May 2013 (item seven of the agenda):

The General Meeting of Shareholders, on 30 November 2009, resolved under item two of the agenda to approve a buyback programme of own shares to fulfil the obligations deriving from the issuance of exchangeable bonds, resolved under item one of the agenda at that same General Meeting.

The Board of Directors considers that, taking into account, among other particulars, the circumstances that gave rise to the acquisition of treasury stock on the basis of the above-mentioned resolution of the General Meeting, the Company must have the possibility of availing of such shares, subject to the Board of Directors closely monitoring the price of the Company's shares and, if necessary, it may approve a new share buyback programme under the terms passed by the above-mentioned General Meeting of Shareholders of 30 November 2009.

Based on the foregoing, it was resolved to authorise the Company to carry out any acts of disposal under any title allowed by law of the treasury stock held by the Company, which were acquired under the Buyback Programme approved by means of a resolution of the General Meeting of Shareholders on 30 November 2009 under item two of the agenda, which states:

"Under the provisions of Article 3 et seq. of European Commission Regulation 2273/2003, of 22 December, to approve a Company share buyback programme whose only purpose is (i) to fulfil the obligations of delivering own shares deriving from the issuance of exchangeable bonds for the amount of four hundred and fifty million euros (€450,000,000) approved by the Company under the resolution of the General Meeting of Shareholders on 18 June 2008 and by virtue of an Executive Committee resolution dated 6 October 2009, by delegation of the Board of Directors on 30 September 2009, and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (including, for this purpose, the 5,090,000 shares loaned to the Underwriters), which shall henceforth be deemed to be subject to the terms and conditions of the programme approved by the General Meeting. As a result of the foregoing, resolution six adopted by the General Meeting on 10 June 2009 is annulled to the extent that it has not been executed and the Company is authorised so that, directly or via any of its subsidiaries, within a maximum period of five years from the date of this Meeting, it may acquire, at any time and on as many occasions as it sees fit, shares of the Company by any means allowed by law, all in conformity with Article 75 and related Articles of the Consolidated Text of the Public Limited Companies Act (TRLSA).

It is also resolved to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.
- The acquisition price may not be less than the par value or more than 20 percent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its exchange or conversion obligations arising from the issuance of the Bonds and/or to reduce the Company's capital, as the case may be".

Resolution of the Annual General Meeting of 23 May 2013 (item seven of the agenda):

According to the usual practice of listed companies, it is convenient that the Board of Directors have an authorisation for the derivative acquisition of treasury stock in the future, and for such purpose FOMENTO DE CONSTRUCCIONES, S.A., together with any of the Group companies fulfilling any of the circumstances set out in Article 42, paragraph 1, of the Code of Commerce, were authorised for the derivative acquisition of treasury stock, by means of purchase and sale, swap or any other transactions allowed by Law, at the price resulting from their stock exchange price on the acquisition date, which must be comprised between the maximum and minimum values detailed below:

"The maximum value would be the result of increasing by 20 per cent the highest market price in the three months prior to the time of acquisition.

The minimum value would be the result of deducting 20 per cent from the lowest market price, likewise in the three months prior to the time of acquisition.

By virtue of this authorisation the Board, the Executive Committee and the CEO, indiscriminately, may buy treasury stock, according to the terms provided in Article 146 of the Capital Companies Act.

The Board of Directors, the Executive Committee and the CEO may also, indiscriminately, fully or partially allocate the treasury stock they acquire to the execution of remuneration programmes which have as their object or which entail the delivery of shares or share options, pursuant to the provisions in Article 146.1 of the Capital Companies Act.

This authorisation is granted for the maximum period allowed by law, and it must also respect the applicable share capital ceiling according to the regulations in force at the time of acquisition.

The acquisition of the treasury shares, which must be fully called up, should allow the companies in the FCC Group that have acquired them to fill in the non-disposable reserve established by Article 148, rule 3, of the Capital Companies Act."

Note:

A relevant event was reported to the CNMV on 1 July 2011 under number 146731 communicating the suspension of the Share Buyback Programme by the Company.

Furthermore, on 6 July 2011, a Relevant Event was reported to the CNMV under number 146998, communicating the subscription of a liquidity contract with Santander Investment Bolsa, Sociedad de Valores, S.A.

A relevant event was reported to the CNMV on 26 July 2013 under number 191238 communicating the renewal of the liquidity contract. The CNMV was informed of the end of operations pursuant to the liquidity contract subscribed with Santander Investment Bolsa, Sociedad de Valores, S.A., on 6 July 2011 in respect of company shares under the operability conditions established by applicable regulations. FCC has subscribed a Liquidity Contract with Bankia Bolsa, Sociedad de Valores, S.A. This contract is applicable to Spanish stock exchanges and the object of the agreement is to favour trading liquidity and regularity. The term of the Liquidity Contract is twelve months, tacitly renewable for 12-month periods, and 180,000 shares and EUR 1.7 million is allocated.

It was also reported that said liquidity contract is established in conformity with the provisions in Circular 3/2007, of 19 December, of the National Securities Market Commission (CNMV).

On the 18 November 2014, the Company sent a relevant event number 214288, communicating the temporary suspension of operations pursuant to the liquidity agreement undersigned with Beka Finance, Sociedad de Valores, S.A., dated 26 July 2013 (Register 191238) involving Company shares in the operability conditions established by the applicable regulations.

On 21 January 2015 the Company informed the CNMV of the resumption, as from 22 January 2015, of the liquidity Agreement undersigned with Beka Finance, Sociedad de Valores, S.A. on 26 July 2013 involving Company shares in the operability conditions established by the applicable regulations.

A.9 bis. Estimated floating capital

45.705%

A.10 Indicate whether there are any legal restrictions on the transfer of securities and/or the exercise of voting rights. In particular, any types of restrictions which might hinder the control of the company by acquiring shares on the market shall be communicated.

Yes ☒ No ☐

Description of the restrictions

By virtue of the provisions in the long-term syndicated financing agreement that was undersigned between 24 and 31 March 2014 and entered into full force on 26 June 2014, the financing entities assumed a number of restrictions on the transfer of shares ("Pact of Non-transfer of Shares") and a commitment to the orderly sale of the new shares of FCC they might receive should they exercise the Warrants after the conversion of Tranche B ("Pact of Orderly Sale").

Since the Pact of Non-transfer and the Pact of Orderly Sale represent a restriction of the free transferability of FCC shares, as the case may be, of the financing entities, both these pacts are shareholders' agreements pursuant to Article 530 of the Capital Companies Act (hereinafter, LSC)

For further information, consult the Relevant Event of 08/07/2014, number 208276.

Also, according to the agreement to invest in FCC between B 1998, S.L. and Control Empresarial de Capitales, S.A. de C.V. (see relevant event filed with the CNMV no. 214618), the parties undertake, in pact no. 6.1, not to sell or transfer under any title, or negotiate a transaction of that nature with any third parties, 85% of the shares held by the current shareholders and the investor, until the fourth anniversary of the date of the subscription and payment of the shares by the investor within the capital increase (the "Lock-up Period"), with the exceptions described in said agreement.

Said agreement, at year-end 2015, was renewed, the contents being reported in the relevant event of 5 February 2016 (number 234682), in clause 5 of which the following is agreed to:

"Transfer of the current shares, the CEC shares, the new DDG shares, and increase of the stake in FCC.

The parties agree that if CEC and/or I. Carso for any reason reach the ownership of a percentage of voting rights in FCC equal to or above thirty percent (30%) or in any other way reach the control of FCC, and provided that the new capital increase has been fully subscribed and called up, sections 6.1 to 6.3 of the original Investment Agreement shall be rendered void. If subsequent to CEC and/or I. Carso for any reason reaching the ownership of a percentage of voting rights in FCC equal to or above thirty per cent (30%), said percentage is again reduced to below thirty percent (30%) of the voting rights in FCC, the above-mentioned sections 6.1 to 6.3 of the original Investment Agreement shall again apply between the parties insofar as CEC and/or I. Corso do not again exceed in FCC the aforesaid percentage of voting rights in FCC equal to or above thirty percent (30%) or in any other way reach the control of FCC. The parties agree that section 6.4 of the original Investment Agreement shall be amended so as to render void the limitation provided in clause 6.4 of the Investment Agreement, therefore deleting the current restriction barring a stake of over 29.99% of FCC's share capital, provided that the new capital increase is recorded at the Barcelona Mercantile Register before 30 April 2016, as a result of which clause 6.4 of the Investment Agreement will have the following wording: "6.4: Increase of the parties' stake in FCC. Any of the parties may increase its individual stake in FCC to above 29.99% of the share capital with voting rights during the term of the Investment Agreement."

A.11 Has the General Meeting of Shareholders resolved to adopt neutralisation measures in the event of a takeover bid as provided in Law 6/2007?

Yes ☐ No ☒

Detail, if appropriate, any such methods that have been approved and the terms in which the restrictions will be rendered ineffective:

A.12 Indicate if the company has issued securities that are not negotiated on a regulated market in the European Community.

Yes ☐ No ☒

Detail, if appropriate, the different classes of shares and, for each class of shares, the rights and obligations they confer.

B. General Meeting

B.1 **State whether there are any differences between the minimum requirements established in the Capital Companies Act (LSC) and the quorum required for a General Meeting to be held.**

Yes ☒ No ☐

	Quorum percentage other than that established in Art. 193 of LSC for general cases	Quorum percentage other than that established in Art. 194 of LSC for special cases mentioned in Art. 194 of LSC
Quorum required at first call	50	50
Quorum required at second call	45	45

Description of differences

The annual and extraordinary General Meetings are quorate:

Generally, when the shareholders present or represented at first call possess at least fifty per cent of the share capital with voting rights. At second call, the Meeting is quorate when the shareholders present or represented possess at least forty-five per cent of the share capital with voting rights.

Specifically, in order for the Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, to suspend or limit the pre-emptive right to acquire new shares, the transfer of the Company's registered office to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty per cent of the share capital with voting rights must be present or represented at the meeting at first call. At second call, it will suffice for shareholders accounting for at least forty-five per cent of the subscribed voting capital to be present or represented.

When the shareholders in attendance or represented at second call account for less than fifty per cent of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

B.2 **State whether there are differences in respect of the system established in the Capital Companies Act (LSC) for the adoption of corporate resolutions:**

Yes ☒ No ☐

Describe the differences in respect of the system provided in LSC.

	Special majority other than that established in Article 201.2 of LSC for the cases mentioned in Art. 194.1 of LSC	Other cases requiring a special majority
Pct. established by the entity for adopting resolutions	Over 50% of the subscribed capital with voting rights	

Describe the differences

Consolidated Text of the Bylaws, approved at the Annual General Meeting of 25 June 2015.

Art. 26. Deliberations. Agreements adopted. Minutes.

3. In particular, the vote for of shares present or represented at the Meeting representing over fifty percent (50%) of the subscribed capital with voting rights shall be required to adopt the following resolutions:

(i) Amendment of the corporate purpose.

(ii) Transfer of the registered office abroad.

(iii) The issuance of shares or bonds or convertible securities which exclude pre-emptive rights for shareholders of the Company.

(iv) The issuance or creation of share classes or share series other than those currently outstanding.

(v) The implementation and/or amendment in any way of any remuneration or bonus system for directors or senior executives consisting of the delivery of shares, share options or which in any way are linked to the Company's share price.

(vi) The winding-up, liquidation, merger, spin-off, transfer en bloc of assets or liabilities, change of corporate form or filing for bankruptcy.

(vii) The amendment of the articles of the bylaws regulating the above matters."

B.3 State the rules applying to the amendment of the company bylaws. In particular, indicate the majorities established for the amendment of the bylaws and, as the case may be, the rules established for the protection of shareholder rights in the amendment of the bylaws.

As adopted at the Annual General Meeting of shareholders of 25 June 2015, following the amendments of the Company's bylaws, Article 26 of the bylaws establishes:

"Resolutions shall be adopted by a simple majority of the votes of the shareholders present or represented at the Meeting, and a resolution shall be deemed to have been adopted when it receives more votes for than against of the present or represented capital, except cases where the Law or these bylaws require a special majority, as mentioned below:

The favourable vote of at least 50% of the share capital shall be required for the Meeting of Shareholders to adopt decisions on the following matters:

- *Amendment of the corporate purpose.*
- *Transfer of the registered office abroad.*
- *The issuance of shares or bonds or convertible securities which exclude pre-emptive rights for shareholders of FCC.*
- *The issuance or creation of share classes or share series other than those currently outstanding.*
- *Any remuneration or bonus system for directors or senior executives consisting of the delivery of shares, share options or which in any way are linked to the share price.*
- *The winding-up, liquidation, merger, spin-off, transfer en bloc of assets or liabilities, change of corporate form or filing for bankruptcy.*
- *The amendment of the articles of the bylaws regulating the above matters."*

Note:

Relevant event of 5/02/2016, notifying that Ms Esther Koplowitz Romero de Juseu and her related companies, Dominum Dirección y Gestión, S.A. and Nueva Samede 2016, S.L.U., signed with Inversora Carso S.A. de C.V. and its subsidiary Control Empresarial de Capitales, S.A. de C.V. a Novation Agreement Amending and Not Extinguishing the Investment Agreement signed on 27 November 2014.

Among other pacts, in relation to this item the following should be noted:

"5.1. Commitments of the parties in relation to the Corporate Governance of FCC. The parties agree that, if CEC and/or I. Carso for any reason reach the ownership of a percentage of voting rights in FCC equal to or above thirty percent (30%) or in any other way reach the control of FCC, they undertake to adopt the measures necessary to call an Extraordinary General Meeting of Shareholders of FCC and a meeting of the Board of Directors of FCC, as appropriate, to attend the relevant meeting and to vote for the adoption of the following resolutions:

(i) To establish, in the FCC bylaws and in the Regulations of the Board of Directors, the number of members of the Board of Directors at fifteen (15), of which four (4) directors shall be designated as proposed by the current shareholders and the new shareholder, eight (8) shall be proposed by CEC and I. Carso, and three (3) shall be independent, one (1) of these being proposed by CEC and I. Carso shall appoint the Managing Director or CEO. The right of the current shareholders and the new shareholder to jointly appoint four (4) directors shall apply provided that in such circumstance CEC and/or I. Carso may maintain a majority of the members of the Board of Directors.

(ii) The Audit Committee shall at all times be made up by a majority of independent directors. The Remuneration and Appointment Committee shall be made up by five (5) members, and the Investor and/or I. Carso shall have the right to designate two (2) members and the current shareholders and the new shareholder shall jointly be entitled to designate one (1) member, and the rest of the members of that committee shall be independent directors. On the Executive Committee, if there is one, the representation of the current shareholders and the new shareholder, on the one hand, and of the investor, on the other hand, shall at all times be in proportion to their representation on the Board of Directors. The above-mentioned committees shall at all times respect the rules regarding composition and chair.

(iii) There shall be deleted from the FCC bylaws the provision on current special majorities on the vote for of at least 50% of the share capital in order for the Meeting of shareholders to adopt decisions on the following matters:

- *Amendment of the corporate purpose.*
- *Transfer of the registered office abroad.*
- *The issuance or creation of share classes or share series other than those currently outstanding.*
- *Any remuneration or bonus system for directors or senior executives consisting of the delivery of shares, share options or which in any way are linked to the share price.*
- *The winding-up, liquidation, merger, spin-off, transfer en bloc of assets or liabilities, change of corporate form or filing for bankruptcy.*
- *The amendment of the articles of the bylaws regulating the above matters.*

Therefore, by default, the majorities for the above matters shall be those provided in the Capital Companies Act except for the adoption of a resolution to delist FCC, which would require the consensus of (a) the present shareholders, (b) the new shareholder, and (c) the investor. By way of clarification, it remains necessary to obtain the vote for of at least 50% of the share capital for the Meeting of Shareholders to adopt decisions on the issuance of shares or bonds or exchangeable bonds with the exclusion of pre-emptive rights for FCC shareholders."

B.4 Indicate the figures on the attendance of General Meetings held during the year referred to in this report and those of the previous year:

	Pct. in attendance				
		Pct. represented	Pct. of distance vote:		
Date of General Meeting	Pct. present		Electronic voting	Other	Total
25/06/2015	23.208%	36.694%		0.04%	59.93%

B.5 State whether there are any restrictions in the bylaws regarding a minimum number of shares needed to be able to attend the General Meeting.

Yes ☐ No ☒

No. of shares required to attend the General Meeting	–

B.6 Article revoked.

B.7 Give the address and instructions for accessing corporate governance content and any other information on general meetings that must be made available to shareholders via the Company's web page.

The FCC website (www.fcc.es) has a page dedicated to Corporate Governance, accessible from the home page under 'Information for shareholders and investors' and 'Corporate responsibility'. This page includes the information on the Company's Corporate Governance regulations, government bodies, annual reports on corporate governance and remunerations, meetings of shareholders and shareholders' agreements. These sections provide a specific access for electronic voting and for the electronic shareholder forum, pursuant to the provisions in Article 539.2 of the consolidated text of the Capital Companies Act.

This page is two clicks away from the home page. Its contents are structured and ordered by rank, under shortcut titles, and all the pages are printable.

The FCC website has been designed and programmed according to the WAI (Web Accessibility Initiative) guidelines, which sets international standards for the creation of web contents accessible across the world.

The AENOR Accessibility Consultants, after conducting a technical analysis of accessibility, established that the FCC Group website complies with all of the priority 2 and priority 1 checkpoints, according to the UNE 139803:2004 Standard, which is in turn based on the Web 1.0 Content Accessibility Guidelines of W3C (known as WAI guidelines).

The "Information for shareholders and investors" section includes a link to the CNMV website.

C. Structure of the Company's Administration

C.1 Board of Directors

C.1.1 Maximum and minimum number of Directors provided in the bylaws:

Maximum number of Directors	22
Minimum number of Directors	5

C.1.2 Fill in the table below with the members of the Board:

Name or company name of Director	Representative	Status of Director	Board position	Date of first appointment	Date of last appointment	Election procedure
Dominum Desga, S.A.	Ms Esther Alcocer Koplowitz	Proprietary	Chairperson	27/09/2000	01/06/2011	General Meeting
Samede Inversiones 2010, S.L.U.	Ms Esther Koplowitz Romero de Juseu	Proprietary	Vice-president	13/04/2015	25/06/2015	General Meeting
Inmobiliaria AEG, S.A. de C.V.	Mr Carlos Slim Helú	Proprietary	Director	13/01/2015	25/06/2015	General Meeting
Dominum Dirección y Gestión, S.A.	Ms Carmen Alcocer Koplowitz	Proprietary	Director	26/10/2004	25/06/2015	General Meeting
EAC inversiones corporativas	Ms Alicia Alcocer Koplowitz	Proprietary	Director	30/03/1999	23/06/2014	General Meeting
Mr Juan Rodríguez Torres		Proprietary	Director	13/01/2015	25/06/2015	General Meeting
Mr Alejandro Aboumrad González		Proprietary	Director	13/01/2015	25/06/2015	General Meeting
Mr Gerardo Kuri Kaufmann		Proprietary	Director	13/01/2015	25/06/2015	General Meeting
Mr Manuel Gil Madrigal		Independent	Director	27/02/2015	25/06/2015	General Meeting
Mr Henri Proglio		Independent	Director	27/02/2015	25/06/2015	General Meeting
Mr Álvaro Vázquez de Lapuerta		Independent	Director	27/02/2015	25/06/2015	General Meeting

Total number of Directors	11

State any removals from the Board of Directors in the period subject to information:

Name or company name of Director	Status of Director at time of removal	Date removed
Mr Rafael Montes Sánchez	Proprietary	13/01/2015
Mr Gonzalo Rodríguez Mourullo	Independent	18/02/2015
Mr Olivier Orsini	Independent	27/02/2015
Mr Gustavo Villapalos Salas	Independent	27/02/2015
Larranza Siglo XXI	Proprietary	15/01/2015
Mr Juan Béjar Ochoa	Executive	18/08/2015
Mr Felipe B. García	Executive	13/01/2015
Mr Marcelino Oreja Aguirre	Proprietary	13/01/2015
Mr Fernando Falcó y Fernández de Córdova	Proprietary	13/01/2015
EAC Medio Ambiente	Proprietary	13/01/2015

C.1.3 Fill in the tables below on the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of Director	Position in the Company
–	–

Total number of Executive Directors	–
Pct. of total Board members	–

EXTERNAL PROPRIETARY DIRECTORS

Name of Director	Name of the significant shareholder who is represented or who proposed the appointment
Dominum Desga, S.A.	Dominum Dirección y Gestión, S.A.
Samede Inversiones 2010, S.L.U.	Dominum Dirección y Gestión, S.A.
EAC Inversiones Corporativas, S.L.	Dominum Dirección y Gestión, S.A.
Dominum Dirección y Gestión, S.A.	Dominum Dirección y Gestión, S.A.
Inmobiliaria AEG, S.A. de C.V.	Control Empresarial de Capitales, S.A. de C.V.
Mr Juan Rodriguez Torres	Control Empresarial de Capitales, S.A. de C.V.
Mr Gerardo Kuri Kaufmann	Control Empresarial de Capitales, S.A. de C.V.
Mr Alejandro Aboumrad González	Control Empresarial de Capitales, S.A. de C.V.

Total number of Proprietary Directors	8
Pct. of total Board members	72.73

EXTERNAL INDEPENDENT DIRECTORS

Name of Director	Profile
Mr Manuel Gil Madrigal	Degree in Law and Business (E-3) from ICADE, he is a founding partner of the company Tasmania Gestión. In the year 2000 he also founded the financial company N+1 and has been a Director of Ezentis, Funespaña, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. During his career he has also been Capital Markets Director at AB Asesores Bursátiles, a partner at Morgan Stanley and auditor at Arthur Andersen.
Mr Henri Proglio	Degree from the HEC Paris and is chairman of Thales. He is currently a Director on the Boards of Natixis Banque and Dassault Aviation. He chaired the energy giant Électricité de France (2009-2014) and Veolia Envirronnement (2003-2009) and has been a Director of FCC, Group Lagardiére and Vinci, among other companies.

Name of Director	Profile
Mr Álvaro Vázquez de Lapuerta	Degree in Law and Business (E-3) from ICADE, he is currently a partner of Akiba Partners and Meridia Capital Partners. He was general manager for Spain and Portugal of Dresdner Kleinwort and CEO and Investor Relations manager of the securities company BBVA Bolsa. He previously held posts at JP Morgan in Mexico, New York, London and Madrid.

Total number of Independent Directors	3
Pct. of total Board members	27.27

State whether any of the Directors considered Independent Directors receive from the Company or from the group any sums or benefits other than their remuneration as Directors, or whether they maintain or have maintained during the last year a business relationship with the company or with any of the companies in its group, either in his own name or as a significant shareholder, director or senior executive of a company maintaining or that maintained such a relationship.

In such event, include a statement by the Board justifying the reasons why it considers that said Director may perform functions as an Independent Director.

Name or company name of Director	Description of the relationship	Statement
–	–	–

OTHER EXTERNAL DIRECTORS

Identify any other External Directors and state why these Directors cannot be considered Proprietary or Independent Directors, and indicate any relations between them and the Company, its executives or shareholders:

Name or company name of Director	Reasons	Company, executive or shareholder with which he/she is related
–	–	–

Total number of other external Directors	–
Pct. of total Board members	–

Indicate any changes in Directors' status in the period, as the case may be:

Name or company name of Director	Date of change	Previous status	Current status
–	–	–	–
–	–	–	–

C.1.4 Fill in the table below on the number of women on the Board over the last four years, as well as what type of Directors they are:

	Number of Female Directors				Pct. of total Directors of the same kind			
	FY t	FY t-1	FY t-2	FY t-3	FY t	FY t-1	FY t-2	FY t-3
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	4	5	5	5	50.00	55.55	50.00	45.45
Independent	0	0	0	0	0.00	0.00	0.00	0.00
Other External	0	0	0	0	0.00	0.00	0.00	0.00
Total	4	5	5	5	36.36	35.71	27.78	27.77

C.1.5 State the measures adopted, as the case may be, in order to include a number of women on the Board of Directors such as to be able to reach a balanced number of women and men on the Board.

Explanation of the measures

The Board Regulations establish the following in Article 38.4.h, within the duties of the Appointments and Remuneration Committee: "Assisting the Board in its function of ensuring that the procedures for filling vacancies on the Board favour diversity of gender, experience and knowledge and are not subject to implicit bias that might imply any discrimination whatsoever and, in particular, they are to favour the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile and, as the case may be, the Board must disclose in the Annual Corporate Governance Report the reason why there are few or no female directors and the initiatives adopted to correct this situation. For the above purpose, it must establish a representation goal for the gender that is less represented on the Board and draw up guidelines on how to reach that goal."

On 18 November 2014 FCC and the Ministry of Health, Social Services and Equality signed an agreement for the promotion of the balanced participation of men and women on the Board of Directors (Collaboration Agreement between the Ministry of Health, Social Services and Equality and FCC Citizen Services, for the promotion of the balanced participation of men and women on Boards of Directors).

According to said agreement the Board of Directors of FCC undertakes to: advance in the fulfilment of the recommendation of Art. 75 of Organic Law 3/2007, of 22 March, for the Effective Equality of Men and Women; publicly disclose and keep duly updated the data on the directors in conformity with the recommendations of the Unified Code of Corporate Governance; for listed companies include in the internal regulations specific references to the promotion of the balanced participation of men and women on the Board; as well as trying to incorporate members of the least represented gender to the Board.

Also, FCC has signed the Diversity Charter, a voluntary code for the promotion of fundamental principles of equality. The initiative, supported by the European Commission's Justice Department for the development of its policies to fight against discrimination, contemplates the implementation of inclusive policies and non-discrimination programmes in the signatory companies.

C.1.6 Explain the measures adopted, as the case may be, by the Appointments Committee so that the selection procedures are not tainted by implicit biases hindering the selection of women, and so that the Company deliberately seeks women candidates with the appropriate professional profile.

Explanation of the measures

The Board Regulations establishes the following in its Article 38.4.h, within the duties of the Appointments and Remuneration Committee: vacancies on the Board favour diversity of gender, experience and knowledge and are not subject to implicit bias that might imply any discrimination whatsoever and, in particular, they are to favour the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile and, as the case may be, the Board must disclose in the Annual Corporate Governance Report the reason why there are few or no female directors and the initiatives adopted to correct this situation. For the above purpose, it must establish a representation goal for the gender that is less represented on the Board and draw up guidelines on how to reach that goal."

If despite the measures adopted, as the case may be, there is a very low number of women on the Board or none at all, explain the reasons justifying this:

Explanation of the reasons

–

C.1.6 bis. Explain the conclusions of the Appointments Committee regarding the verification of compliance with the Board member policy selection. And especially whether such policy is promoting the goal for 2020 of having at least 30% female members on the Board of Directors.

The Board of Directors of FCC, as of 31 December 2015, has over thirty percent (30%) of women on the Board, and its non-executive chairperson is Ms Esther Alcocer Koplowitz.

C.1.7 State how shareholders with significant holdings are represented on the Board:

Inversora Carso S.A. de C.V., via Control Empresarial de Capitales S.A. de C.V., is represented by four Proprietary Directors: Inmobiliaria AEG, S.A. de C.V. (Representative: Mr Carlos Slim Helú), Mr Juan Rodríguez Torres, Mr Alejandro Aboumrad González, and Mr Gerardo Kuri Kauffman.

On the other hand, Ms Esther Koplowitz Romero de Juseu is represented by another four Independent Directors: Samede Inversiones 2010, S.L.U. (Representative: Ms Esther Koplowitz Romero de Juseu), Dominum Desga, S.A. (Representative: Ms Esther Alcocer Koplowitz), EAC Inversiones Corporativas, S.L. (Representative: Ms Alicia Alcocer Koplowitz), and Dominum Dirección y Gestión, S.A. (Representative: Ms Carmen Alcocer Koplowitz).

C.1.8 Explain, as the case may be, the reasons why Proprietary Directors have been appointed at the request of shareholders whose holding is below 3% of the capital:

Name or company name of shareholder	Reason
–	–

State whether any formal requests for Director positions on the Board have been rejected, when the shareholders making such request have holdings equivalent to or greater than other shareholders who do have Proprietary Directors. Detail the reasons for any such rejection, as the case may be:

Yes ☐ No ☒

Name or company name of shareholder	Explanation
–	–

C.1.9 State whether any Directors have been removed from office before the end of their term, if they have explained the reasons to the Board and via what means, and if an explanation was given in writing, then state the reasons that they themselves gave:

Name of Director	Reason for removal
Mr Rafael Montes Sánchez	Personal
Mr Gonzalo Rodríguez Mourullo	Personal
Mr Olivier Orsini	Personal
Mr Gustavo Villapalos Salas	Personal
Larranza Siglo XXI	Personal
Mr Juan Béjar Ochoa	Personal
Mr Felipe B. García Pérez	Personal
Mr Marcelino Oreja Aguirre	Personal
Mr Fernando Falcó y Fernández de Córdova	Personal
EAC Medio Ambiente	Personal

C.1.10 State the powers delegated to the Managing Director(s) or CEO(s), if any are delegated:

Name or company name of Director	Short description
–	–

C.1.11 Identify, if appropriate, the members of the Board who hold Director or senior executive positions in other companies that are part of the group of the listed company:

Name or company name of Director	Name of group entity	Position	Does he/she have executive duties?
EAC, Inversiones Corporativas, S.L., (represented by Ms Alicia Alcocer Koplowitz)	Cementos Portland Valderrivas	Chairperson	No
Mr Gerardo Kuri Kaufmann	Cementos Portland Valderrivas	CEO	Yes
Mr Juan Rodríguez Torres	Cementos Portland Valderrivas	Director	No
Inmobiliaria AEG, S.A. de C.V., (represented by Mr Alejandro Aboumrad González)	Cementos Portland Valderrivas	Director	No
Mr Álvaro Vázquez de Lapuerta	Cementos Portland Valderrivas	Director	No

C.1.12 State, if appropriate, the Directors of your company who are members of the Board of Directors of other companies listed on official securities exchanges in Spain that are not in your same group of companies, which have been communicated to your company:

Name or company name of Director	Name of listed company	Position
Mr Juan Rodríguez Torres	Realia Business	Non-executive chairperson
Mr Gerardo Kuri Kaufmann	Realia Business	CEO
EAC Inversiones Corporativas, S.L. (represented by Ms Esther Alcocer Koplowitz)	Realia Business	Director

C.1.13 State whether the Company has established rules about the number of directorships its Board members can hold, and describe any such rules:

Yes ☐ No ☒

Explanation of the rules
–

C.1.14 Article revoked.

C.1.15 Indicate the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (in thousand euros)	15,867 €
Amount of pension rights accrued by the Directors (in thousand euros)	0 €
Amount of pension rights accrued by former Directors (in thousand euros)	3,242 €

Note:

On 18 August 2015, Juan Béjar Ochoa resigned his office as CEO and left the Company; he received severance pay amounting to 8,375,000 euros.

C.1.16 *Identify the senior executives who are not Executive Directors, and state the total remuneration they accrued during the year:*

Name or company name	Position(s)
Mr Carlos Jarque Uribe	CEO
Mr Agustín García Gila	Chairperson of Environmental Services
Mr Felipe B. García Pérez	Company Secretary
Mr Miguel Jurado Fernández	Director of FCC Construcción
Mr Vicente Mohedano Martín	Director of FCC Construcción
Mr Miguel Martínez Parra	General Manager of Administration and Finance
Mr Miguel Hernanz Sanjuán	General Manager of Internal Audits
Mr Julio Pastor Bayón	General Manager of Communication and Corporate Responsibility
Mr Félix Parra Mediavilla	General Manager of Aqualia
Ms Ana Villacañas Beades	General Manager of Organisation

Total remuneration of senior management (in thousand euros)	**5,860.63**

Note:

This amount includes severance pay for the termination of the contracts of two senior executives: Mr José Manuel Velasco and Mr Eduardo González. The amounts collected by individuals who throughout the year lost senior executive status have also been added up to the corresponding dates.

C.1.17 *Indicate, as the case may be, the identity of members of the Board who are in turn members of the Board of Directors of significant shareholder companies and/or in group subsidiaries:*

Name or company name of Director	Company name of significant shareholder	Position
–	–	–

Identify any significant relationships, other than those stated in the preceding section, between Board members and significant shareholders and/or subsidiaries in their group:

Name or company name of Director	Name or company name of related significant shareholder	Description of relationship
–	–	–

C.1.18 *State whether there have been any amendments of the Board Rules during the year:*

Yes ☒ No ☐

Description of the amendments

The Board of Directors unanimously adopted, at its meeting of 7 October 2015, the approval of the proposal to amend the Rules of the Board of Directors of the company Fomento de Construcciones y Contratas, S.A.

After the change in the shareholder composition that took place in 2015, the Rules of the Board of Directors were amended in their entirety in order to adapt them to the new Capital Companies Act, to the Rules of the General Meeting and to the Bylaws. The full text of the Rules of the Board of Directors is available and may be consulted via the FCC Group website, and it is yet to be recorded at the Mercantile Register.

C.1.19 State the procedure for appointing, re-appointment, assessing and removing Directors. State the competent bodies, the process and the criteria for each procedure.

The General Meeting is in charge of appointing and removing Board members. Directors may be re-elected indefinitely one or more times, for maximum periods of four years (Art. 30.3 of the Bylaws).

According to Article 29.4 of the Bylaws, the Board of Directors, in the proposals of appointment, re-appointment, ratification or removal of Directors that it submits to the General Meeting and in the appointment decisions adopted by the Board by virtue of the powers of co-optation that it is legally attributed, shall follow the criteria and guidelines established in that respect in the Rules of the Board of Directors.

Chapter IV of the Rules of the Board of Directors, "Appointment and Removal of Directors," establishes the following:

Article 16. Appointment, ratification or re-election of directors

1. *Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law, must fall upon people of recognised integrity, fitness, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.*
2. *The proposal must in any case be backed by a report from the Board assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Meeting or of the Board meeting.*
3. *Where a legal person is appointed as a director, it must appoint a natural person to discharge the duties of the office on a permanent basis; that natural person must fulfil the requirements as to integrity, fitness, technical competence and experience and the rules on prohibitions and incompatibilities contained in these Rules, and the duties of Director established in these Rules shall apply to him/her on a personal basis. Removal of the representative by the legal person that is a director shall not take effect until their replacement is appointed. Also, the proposal of a natural person as a representative is subject to the report drawn up by the Appointments and Remuneration Committee.*
4. *From the publication of the notice of the General Meeting, the Board of Directors must publish, on the website, the following information about the persons proposed for appointment or ratification as directors and, as the case may be, on the natural person representing a Director who is a legal person:*

   (i) professional experience and background;

   (ii) directorships held in other companies, listed or otherwise;

   (iii) an indication of the director's classification; in the case of proprietary directors, the shareholder they represent or have links with must be identified;

   (iv) the date of their first and subsequent appointments as a company director;

   (v) shares of the Company and financial derivatives whose underlying are shares of the Company that are owned by the director proposed for ratification or re-appointment or by the candidate for first-time appointment as director. That information must be kept up to date; and

   (vi) the reports and proposals of the relevant bodies in each case.
5. *The Secretary of the Board of Directors will provide each new director with a copy of the Articles of Association, these Rules, the FCC Group Code of Ethics, the Internal Code of Conduct in relation to the Securities Market, the latest annual Financial Statements and Management Report, of both the Company and its consolidated Group, as approved by the General Meeting of Shareholders, the auditors' report on the Financial Statements and the latest financial information provided to the markets. It will also provide them with the names of the current auditors and their interlocutors.*
6. *Each Director must sign a receipt for the documentation and undertake to acquaint himself/herself of it immediately and to faithfully fulfil his obligations as a director.*
7. *The Company will establish induction programmes to provide newly-appointed directors rapidly with sufficient knowledge of the Company and its Group and the corporate governance rules, while also offering refresher courses when circumstances make this advisable.*

Article 17. Term of office

1. *Directors will hold office for the term established in the Articles of Association.*
2. *The directors appointed by co-optation will hold office until the next General Meeting is held. Also, if there is a vacancy once the General Meeting is called and before it takes place, the Board of Directors may designate a Director until the next General Meeting takes place.*
3. *Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for a term of two (2) years.*
4. *The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors.*

Article 18. Re-appointment of Directors

Besides fulfilling the requirements for appointment established in Article 16 above, prior to proposing the re-appointment of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

Article 19. Removal of Directors

1. *Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Articles of Association.*
2. *The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:*

   a) *In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.*

   b) *In the case of proprietary directors, when the shareholder whose interests they represent disposes of its holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.*

   c) *When they fall under a situation of incompatibility or legal disqualification.*

   d) *When the Board, by a minimum two-thirds (2/3) majority, asks the director to resign:*

      – *if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or*

      – *when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.*

3. *If a natural person representing a Director who is a legal person incurs in any of the events provided in the preceding section, the former will be disqualified as a representative.*
4. *The Board of Directors may not propose the removal of independent directors before the expiry of their tenure for which they had been appointed, except where just cause is found by the Board, based on a report from the Appointments and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the circumstances enumerated in Article 6.2.a) of these rules that disqualify them from appointment as an independent director.*

   The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure due to the proportionality between the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the rest of the capital.

5. *When a director steps down before his mandate has finished, either due to resignation or otherwise, he or she must set out the reasons in a letter to be sent to all other members of the Board, notwithstanding that said change should be communicated as a Relevant Event and the reasons must be disclosed in the Annual Corporate Governance Report. In particular, where the director resigns due to the adoption by the Board of significant or repeated decisions to which the director has placed serious objections on record, and decides to resign as a result, the resignation letter to the other directors must expressly state this fact.*

C.1.20 Explain to what extent that annual self-evaluation of the Board has given rise to important changes in its internal organisation and in the procedures applying to its activities:

Description of the amendments
In the year 2015, no deficiencies were detected such as to warrant an action plan.

C.1.20 bis. Explain the evaluation process and the areas that the Board of Directors has evaluated, assisted, as the case may be, by an external consultant, regarding the diversity in its composition and powers, the functioning and composition of its committees, the performance of the Chairperson of the Board and of the Company's CEO, and of the performance and contribution of each Director.

Article 34.9 of the Rules of the Board states:

"The Board with all of its members present will dedicate the first of its meetings in a year to evaluate que quality and efficiency of its own functioning during the preceding year, assessing the quality of its work, evaluating the efficacy of its rules and, as the case may be, based on its results, it shall propose an action plan to correct any deficiencies that are detected. At that meeting, in light of the relevant report submitted by the Appointments and Remuneration Committee, it will also evaluate the performance of functions of the Chairperson of the Board and of the CEO, as well as the performance of its committees and, based on its results, it shall propose an action plan to correct any deficiencies that are detected."

The Board of Directors issued a report at its meeting of 19 January 2016, which was assessed and approved, in which it evaluated the quality and efficiency of its functioning and of its committees during the year 2015.

All of its members played an active part in drafting the report, and all the comments, assessments, opinions and suggestions made by all of them during the process were taken into consideration.

The evaluation process was carried out via the appraisal of a number of aspects with a bearing on the functioning, efficiency and quality of the performance and decision-making of the Board of Directors, as well as the members' contributions to the performance of the functions and the achievement of the objectives entrusted to the Board.

Conclusions and positive assessments regarding the composition and internal organisation and the exercise of the powers attributed to the Board are obtained from this process.

The Board of Directors assumes and focuses especially on its supervision and control function, always trying to remain abreast of any matters concerning the Company or its Group, likewise exercising this power of supervision and control in respect of the powers delegated to the Executive Committee.

Last of all, it should be noted that the existing distribution of powers and functions across the Board of Directors and its various internal committees is adequate and efficient for seeking the corporate goals, because it favours a more efficient organisation and functioning of the Board.

From the foregoing it may be concluded that the Board of Directors assumes and efficiently exercises the powers and competences attributed to it by the Articles of Association and the rules of the Board of Directors, and at all times the interests of the Company and the maximisation of its economic value are at the forefront.

C.1.20 ter. Detail, as the case may be, the business relations between the consultant or any of its group companies with the Company or any of its group companies.

This does not apply because the evaluation was done internally.

C.1.21 State the reasons for which Directors may be forced to resign.

Rules of the Board of Directors

Article 19. Removal of Directors

1. *Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Articles of Association.*
2. *The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:*
   a) *In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.*
   b) *In the case of proprietary directors, when the shareholder whose interests they represent disposes of its holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.*
   c) *When they fall under a situation of incompatibility or legal disqualification.*
   d) *When the Board, by a minimum two-thirds (2/3) majority, asks the director to resign:*
      – *if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or*
      – *when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.*
3. *If a natural person representing a Director who is a legal person incurs in any of the events provided in the preceding section, the former will be disqualified as a representative.*
4. *The Board of Directors may not propose the removal of independent directors before the expiry of their tenure for which they were appointed, except where just cause is found by the Board, based on a report from the Appointments and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of the 19 duties inherent to the position or has incurred any of the circumstances enumerated in Article 6.2.a) of these rules that disqualify from appointment as an independent director. The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure due to the proportionality between the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the rest of the capital.*
5. *When a director steps down before his mandate ends, either due to resignation or otherwise, he or she must set out the reasons in a letter to be sent to all other members of the Board, notwithstanding that said change should be communicated as a Relevant Event and the reasons must be disclosed in the Annual Corporate Governance Report. In particular, where the director resigns due to the adoption by the Board of significant or repeated decisions to which the director has placed serious objections on record, and decides to resign as a result, the resignation letter to the other directors must expressly state this fact.*

C.1.22 Article revoked.

C.1.23 Is a supermajority, other than the legal majority, required in some decisions?:

Yes ☐ No ☒

If so, describe the differences.

Description of differences
–

C.1.24 Detail whether there are specific requirements, other than those relating to Directors, to be appointed Chairperson of the Board of Directors.

Yes ☐ No ☒

Description of requirements
–

C.1.25 State whether the chairperson has a casting vote:

Yes ☐ No ☒

Issues in respect of which there is a casting vote
–

C.1.26 State whether the Bylaws or the Rules of the Board establish an age limit for Directors:

Yes ☐ No ☒

Age limit for Chairperson ☐

Age limit for CEO ☐

Edad límite consejero ☐

C.1.27 State whether the Bylaws or the Rules of the Board establish a term limit for Independent Directors, other than that established in the regulations:

Yes ☐ No ☒

Maximum number of years in office	–

C.1.28 State whether the bylaws or the rules of the Board of Directors establish specific rules for delegating votes on the Board of Directors, how this is done and, in particular, the maximum number of delegations to one same Director, as well as whether any limitations have been established with regard to categories where it is possible to delegate, beyond the limitations imposed by the legislation. If so, give a short description.

There are no are formal processes for delegating votes on the Board of Directors.

C.1.29 State the number of Board of Directors meetings held in the year. Also, state the number of times that the Chairperson did not attend the Board meeting. Proxies granted with specific instructions are not counted as absences:

Number of meetings of the Board of Directors	13
Number of Board meetings without the attendance of its Chairperson	0

If the chairperson is the CEO, indicate the number of meetings held, without assistance or representation of any Executive Director and under the Chairpersonship of the coordinator Director.

Number of meetings	–

Indicate the number of meetings held by the various Board Committees in the year:

Number of Executive or Steering Committee meetings	7
Number of Audit Committee meetings	8
Number of Appointments and Remuneration Committee meetings	11

C.1.30 State the number of Board of Directors meetings held in the year that were attended by all of its members. Proxies granted with specific instructions are not counted as absences:

Number of Board meetings attended by all the Directors	3
Pct. of attendance over the total votes during the year	92.86%

C.1.31 State whether the individual and consolidated financial statements that are presented for Board approval have been certified:

Yes ☒ No ☐

Indicate any person(s) who have certified the company's individual and consolidated financial statements for Board authorisation:

Name	Position
Mr Carlos Jarque Uribe	CEO
Mr Miguel Martínez Parra	General Manager of Administration and Finance
Mr Víctor Pastor Fernández	General Manager of Finance
Mr Juan José Drago Masià	General Manager of Administration

C.1.32 Detail whether the Board of Directors has established any mechanisms to prevent the individual and consolidated financial statements authorised by it, being presented to the General Meeting with audit qualifications.

The Audit and Control Committee has among its functions that of revising the process of drafting the economic and financial reports that FCC Group publishes from time to time. This revision is particularly important in the case of the annual report; therefore, prior to the Board of Directors' drawing up of the annual financial statements, the Audit and Control Committee thoroughly examines those statements and requests that the external auditor explain the conclusions of its review. el comité para que exponga las conclusiones de su trabajo de revisión.

In this way, once the statements are approved by the Board, the external auditor's report contains no qualifications.

C.1.33 Is the Secretary of the Board a Director?

Yes ☐ No ☒

If the Secretary is not a Director, fill in the table below:

Name or company name of Secretary	Representative
Mr Francisco Vicent Chuliá	–

C.1.34 Article revoked.

C.1.35 State the mechanisms, if there are any, established by the Company to maintain the independence of external auditors, financial analysts, investment banks and rating agencies.

For this purpose, Article 37.5 of the Rules of the Board of Directors states that "The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors, among others. In particular, notwithstanding other tasks that the Board of Directors may entrust to the Audit and Control Committee, it will be responsible for:

a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.

b) Liaising between the Board of Directors and the Company's external Auditor, evaluating the results of each audit, with the following additional duties with respect to the external Auditor:

(i) making recommendations to the Board for the selection, appointment, re- appointment and removal of the external auditor, and the terms and conditions of its engagemen;

(ii) receiving regular information from the external Auditor on the progress and findings of the audit programme, as well as maintaining its independence while performing its duties, and checking that senior management are acting on its recommendations;

(iii) discussing with the external Auditors any significant weaknesses found in the internal control system as a result of the audits conducted;

(iv) establishing appropriate relationships with the external auditor to receive information on matters that might jeopardise its independence, so that they may be reviewed by the Committee, and any others related to the accounts auditing process, as well as other communications provided for in auditing laws and standards;

(v) ensuring the independence of the external Auditor and, in particular, establishing appropriate measures:

1) for contracting consulting and advisory services with that Auditor or a company of its group does not jeopardise its independence, to which end the Committee will request and will receive an annual report from the Auditors confirming in writing their independence in respect of the Company or the entities directly or indirectly related to it, and information on any additional services of any kind rendered and the corresponding fees paid to these entities by the external auditor or by the persons or entities related to the Auditors, as provided for in the Auditing Act and

2) so that the Company issues a relevant event to the CNMV as regards the change in Auditor, with a statement about any disagreements with the outgoing Auditor and their nature and in the case where the external Auditor resigns, the circumstances that led to this resignation; and

(vi) seeking to ensure that the Company's Auditor takes responsibility for auditing the companies comprising the Group.

c) Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's Auditors. In any event, that report must address the provision of any additional services as referred to in section b) (iv) 1) above, considered individually and in the aggregate, other than legal auditing and in relation to the independence or auditing regulations and standards.

d) Supervising the Company's internal audits that oversee the good operation of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and directly report to it any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.



e) Supervising and analysing the efficacy of the Company's internal control and the risk control and management policy approved by the Board of Directors, ensuring that it at least identifies:

(i) the different types of risks that the Company faces, including, among others, financial and economic risks, contingent liabilities and other off-balance sheet risks; os o económicos, los pasivos contingentes y otros riesgos fuera de balance;

(ii) establishing the risk level that the Company deems acceptable;

(iii) the measures provided to mitigate the impact of the identified risks in the event they materialise; and

(iv) the reporting and internal control systems that will be used to control and manage said risks, including contingent liabilities and off-balance sheet risks, submitting them to the Board of Directors for approval.

f) Supervising the preparation and presentation of the annual financial statements and management report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions:

(i) the financial reports which the Company, owing to its listed status, must disclose from time to time, ensuring that the interim financial statements are drawn up with the same accounting criteria as annual financial statements and, for such purpose, it must consider whether a limited review by the Company's external auditor is appropriate; and

(ii) the creation or acquisition of holdings in special purpose entities or entities domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, owing to their complexity, might detract from the transparency of FCC Group.

g) With respect to internal control and reporting systems:

(i) supervising the process of preparing, and the integrity of, the financial reports referring to the Company and, as the case may be, the Group, reviewing the compliance with the regulatory requirements, the adequate delimitation of the scope of the consolidated group and the correct application of the accounting criteria;

(ii) periodically checking the systems of internal control and risk management, in order that the principal risks are identified, managed and announced adequately;

(iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports; periodically receiving information from the Management Control and Risk Management Departments, respectively, on how they carry out their activities and on how internal controls work; and

(iv) ensuring that the internal codes of conduct and corporate governance rules comply with regulatory demands and are suitable for the Company, and reviewing that the persons subject to said codes and rules of governance comply with their reporting obligations to the Company.

h) Issuing reports and proposals as requested by the Board of Directors or the Chairperson of the Board and those it deems appropriate for the best performance of its functions, particularly,

(i) the report on proposed amendments to these Board Rules, pursuant to the provisions in Article 4.3;

(ii) deciding on requests for information presented by directors, pursuant to the provisions in Article 26.3 of these Rules, to the Committee; and

(iii) requesting, as the case may be, the inclusion of any items on the agenda of Board meetings, under the conditions and time periods established in Article 34.3 of these Rules."

C.1.36 State whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditor:

Yes ☐ No ☒

Outgoing auditor	Incoming auditor
–	–

If there was a disagreement with the outgoing auditor, describe it:

Yes ☐ No ☒

Explanation of disagreement
–

C.1.37 State whether the audit firm performs other work for the Company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the Company and/or its group:

Yes ☒ No ☐

	Company	Group	Total
Amount of other non-audit jobs (in thousand euros)	372	521	893
Amount of non-audit jobs / total amount billed by audit firm (in pct.)	52.174	14.240	20.425

C.1.38 State whether the auditors' report on the previous year's financial statements had any reservations or was qualified. If it was, state the reasons given by the Chairperson of the Audit Committee to explain the content and scope of the qualification or reservation.

Yes ☐ No ☒

Explanation of the reasons
–

C.1.39 State the number of consecutive years that the current audit firm has been auditing the financial statements of the Company and/or its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	14	14

	Company	Group
Number of years the current audit firm has audited / number of years the Company has been audited (as a percentage)	53.8	53.8

C.1.40 State whether there is a procedure for Directors to engage external consultants and, if so, provide details:

Yes ☒ No ☐

Detail the procedure

Rules of the Board Article 27. Expert assistance

"1. In order to assist them in performing their duties, non-executive directors are entitled to obtain the necessary assistance from the Company to perform their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.

2. Requests to engage external consultants or experts must be referred to the Chairperson of the Board of Directors and will be approved by the Board of Directors if the latter considers that: a) it is necessary for the proper performance by non-executive directors of their assigned duties, b) the cost is reasonable, in view of the importance of the problem and the assets and revenues of FCC, and c) the technical assistance received cannot be properly provided by internal FCC experts or technical personnel.

3. Requests for expert assistance by any of the Board Committees should not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this article are not met."

C.1.41 State whether there is a procedure for Directors to have the necessary information to prepare for the meetings of the governing bodies with sufficient time and, if so, provide details:

Yes ☒ No ☐

Detail the procedure

Rules of the Board of Directors. Article 26. Information and inspection faculties:

"1. In order to perform their duties, all directors have the right to request and to compile any suitable and necessary information from the Company that is useful in the fulfilment of their obligations on any aspect related to FCC and its subsidiaries and associated companies, in Spain and other countries. To this end, they may examine documentation they consider necessary, talk to the heads of the departments in question and visit the companies' facilities.

2. So as not to disturb the ordinary operations of the FCC Group, the exercise of these information rights must be channelled through the Chairperson, who will respond to the directors' requests by either providing the information directly or offering the appropriate interlocutors at the pertinent organisational level.

3. If such a request for information is denied, delayed or handled deficiently, the requesting director may refer his petition to the Audit and Control Committee, which must grant a hearing to both the Chairperson and requesting director before deciding how to proceed.

4. The requested information may only be denied when, in the opinion of the Chairperson and the Audit and Control Committee, it is unnecessary or could be harmful to the Company's interests. Information requests cannot be denied if supported by a majority of the Board members."

C.1.42 State whether the Company has rules obliging Directors to inform and, if appropriate, to resign in any circumstance that might harm the organisation's name or reputation, and describe any that exist:

Yes ☒ No ☐

Explain the rules:

Rules of the Board of Directors Article 25. Directors' duty of disclosure.

"Directors must disclose the following to FCC's Appointments and Remuneration Committee through the Corporate Responsibility Department or any other that takes its place: […]

d) Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of FCC. […]"

Rules of the Board of Directors. Article 19. Removal of Directors

"1. Directors shall be removed from office when the term for which they were appointed has elapsed or when the General Meeting so decides exercising the powers granted to it by the law and the bylaws."

2. The Directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:

a) In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.

b) In the case of proprietary directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that the number of proprietary directors must be reduced.

c) When they fall under a situation of incompatibility or legal disqualification provided by law.

d) When the Board, by a minimum two-thirds (2/3) majority, asks the director to resign:

– if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or

– when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report. […]"

C.1.43 State whether any member of the Board of Directors has informed the Company that he has been charged with, or tried for, any of the crimes stated in Article 213 of the Capital Companies Act:

Yes ☐ No ☒

Name of Director	Criminal Case	Comments
–	–	–

State whether the Board of Directors has analysed the case. If it has, give a reasoned explanation on the decision made regarding whether it is fit for the Director to remain in office, or as the case may be, explain the action taken by the Board of Directors up until the date of this report or those that it plans to carry out.

Yes ☐ No ☐

Decision or action taken	Explanation
–	–

C.1.44 Detail the significant agreements entered into by the company which will enter into force, be amended or terminated in the event of a change of control of the company following a takeover bid, and the effects thereof.

A change of control of FCC as a consequence of a takeover bid could represent an event of obligatory full early repayment of the Syndicated Financing Agreement amounting to €4,511,644,219.02, undersigned on 24 March 2014, which entered into force on 26 June 2014 (Clause 8.4.1(a)), unless:

(A) the loss of control does not entail the acquisition of control by a third party;

(B) the acquisition of control is done by:

(a) una empresa industrial de reconocida solvencia, experiencia y capacidad de gestión de un grupo del tamaño y características del Grupo FCC (o por un consorcio liderado por tal empresa),

(b) por entidades de crédito, ya sean españolas o extranjeras, siempre que sean de reconocidas solvencia, experiencia y capacidad de gestión de un grupo del tamaño y características del Grupo FCC.

Likewise, and according to the terms and conditions of the issue of convertible bonds, which are available on the FCC website (www.fcc.es), if an investor launches a takeover bid to all the shareholders and holders of convertible bonds of the Company that would lead to a change of control in FCC (defined as the acquisition of over 50% of the voting rights or the right to appoint more than half of the members of the Board of Directors of FCC), the holders of convertible bonds would have during a given period the option of selling their Bonds to FCC at par value (plus accrued interest), and also during a given term the conversion price will be adjusted under the terms described under Condition 7 of the terms and conditions of convertible bonds.

Also check the relevant event of 5 February 2016, on the novation of the agreement to invest in FCC by Ms Esther Koplowitz and Inversora Carso, S.A. de C.V., specifically where it says:

5.- Transfer of the current shares, the CEC shares, the CEC shares, the new DDG shares, and increase of the stake in FCC.

The parties agree that if CEC and/or I. Carso for any reason reach the ownership of a percentage of voting rights in FCC equal to or above thirty percent (30%) or in any other way reach the control of FCC, and provided that the new capital increase has been fully subscribed and called up, sections 6.1 to 6.3 of the original Investment Agreement shall be rendered void.

If subsequent to CEC and/or I. Carso for any reason reaching the ownership of a percentage of voting rights in FCC equal to or above thirty per cent (30%), said percentage is again reduced to below thirty percent (30%) of the voting rights in FCC, the above-mentioned sections 6.1 to 6.3 of the original Investment Agreement shall again apply between the parties insofar as CEC and/or I. Corso do not again exceed in FCC the aforesaid percentage of voting rights in FCC equal to or above thirty percent (30%) or in any other way reach the control of FCC.

The parties agree that section 6.4 of the original Investment Agreement shall be amended so as to render void the limitation provided in clause 6.4 of the Investment Agreement, therefore deleting the current restriction barring a stake of over 29.99% of FCC's share capital, provided that the new capital increase is recorded at the Barcelona Mercantile Register before 30 April 2016, as a result of which clause 6.4 of the Investment Agreement will have the following wording: "6.4: Increase of the parties' stake in FCC. Any of the parties may increase its individual stake in FCC to above 29.99% of the share capital with voting rights during the period of the Investment Agreement."

C.1.45 State in aggregate and indicate, in detail, any agreements between the Company and its administration and management officers or employees providing severance, guarantee or golden parachute clauses, whenever they resign or are subject to summary dismissal or if their agreement is terminated due to a takeover bid or other type of transaction.

Number of beneficiaries	2

Mr Carlos Jarque Uribe (CEO)

Description of the resolution

For the purpose of establishing an economic fund to compensate the senior executive for the extinguishment of his contract, the company shall create a savings fund for his benefit, which will be filled by the annual contributions made by the Company, amounting to 340 thousand euros per year.

If this contractual relationship is extinguished during the first three years of force of this contract, for any reason except the senior executive stepping down, dismissal for objective reasons and disciplinary dismissal, respectively, the senior executive will accrue the amount in the Savings Fund as of the date of extinguishment of his contract. Said payment shall compensate the senior executive for the extinguishment of his contract and shall be deemed severance, it shall comprise the indemnity provided in clause 11 of the contract and will replace any other compensation that might arise from the termination of this contractual relationship.

If the extinguishment takes place once three years have elapsed from the signing of this contract, the senior executive will accrue the amount in the Savings Fund as of the date of extinguishment of his contract, except in the event of dismissal for objective reasons or disciplinary dismissal.

Said payment shall compensate the senior executive for the extinguishment of his contract and shall be deemed severance, it shall comprise the indemnity provided in clause 11 of the contract and will replace any other compensation that might arise from the termination of this contractual relationship. The payment must be made by the Company within the two months following the termination of the contractual relationship.

Mr Felipe B. García Pérez (Company Secretary)

Description of the resolution

With regard to the Company Secretary, executive Board member until 13 January 2015, the Company, with the authorisation of the Executive Committee, contracted and paid an insurance premium in order to meet the payment of the contingencies related, among other items, to death or to permanent occupational disability and to retirement bonuses and pensions and other concepts, for some of the Executive Directors and senior executives.

In particular, the contingencies giving rise to severance pay are those that entail the extinguishment of the employment relationship for any of the following reasons:

a) Unilateral decision by the Company.

b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.

c) Death or permanent disability.

d) Declaration of physical disability or legal incompetence for any other reason.

e) A substantial change in professional conditions.

f) Resignation, upon reaching the age of 60, at the executive's request and with the Company's consent.

g) Resignation at age 65, by unilateral decision of the executive.

As of 31 December 2015, the Company Secretary has accumulated under said insurance a net amount equal to 3.5 times his gross annual remuneration.

Indicate whether these contracts have to be notified to and/or approved by the Company's or group's bodies:

	Board of Directors	General Meeting
Body that authorises the clauses	x	

	YES	NO
Is the General Meeting informed of the clauses?	x	

C.2 Board of Director Committees

C.2.1 *Detail all the Board of Director Committees, their members and the proportion of executive, proprietary, independent and other external Directors on these boards:*

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Current status
Dominum Desga, S.A. (represented by Ms Esther Alcocer Koplowitz)	Director	External Proprietary Director
EAC Inversiones Corporativas, S.L. (represented by Ms Esther Alcocer Koplowitz)	Director	External Proprietary Director
Mr Alejandro Aboumrad González	Director	External Proprietary Director
Mr Gerardo Kuri Kaufmann	Director	External Proprietary Director

Pct. of Executive Directors	**0**
Pct. of Proprietary Directors	**100**
Pct. of Independent Directors	**0**
Pct. of other External Directors	**0**

Explain the functions that his Committee has, describe the procedures and its rules of organisation and functioning. Summarise the most important activities during the year.

Rules of the Board of Directors. Article 36. Executive Committee

1. *The Board may permanently delegate in the Executive Committee all the powers of the Board of Directors with the exception of those which are reserved by law, the bylaws or its these rules. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and surety lines and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with Article 7.2.o). Also, in situations of emergency, the Executive Committee will exercise the following powers attributed to the Board of Directors, under Article 8 of these Rules.*
2. *The Board of Directors, based on a report by the Appointments and Remuneration Committee, will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director. The Secretary of the Board will also be the secretary of the Executive Committee.*
3. *The Executive Committee will be composed of a minimum of four (4) and a maximum of ten (10) members.*
4. *The members of the Executive Committee will step down from the Committee when they cease to be directors or when decided by the Board. Any vacancies arising will be filled as quickly as possible by the Board of Directors.*
5. *The Chairperson of the Executive Committee will be appointed from among members of the Committee itself. If the Chairperson of the Executive Committee is absent, or if the position is vacant, the meeting will be chaired by a Committee member chosen by majority vote of those in attendance.*
6. *The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the Company's interests.*
7. *The Executive Committee will be convened by the Chairperson, on his/her own initiative or upon the request of at least two (2) Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least forty-eight (48) hours in advance of the meeting date, however it may be called with twenty-four (24) hours' notice of the date and time of the meeting for reasons of emergency, in which case the agenda for the meeting will be limited to the issues that caused such emergency. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.*
8. *In the absence of the Chairperson of the Executive Committee, or if the position becomes vacant, the Committee may be convened by the longest-standing member or, if there is equal seniority between members, by the oldest one. In the event of legal persons, the age of the individual representing them will be taken into account.*
9. *The meetings shall be held at the Company's registered offices or any other location designated by the Chairperson and stated in the announcement.*
10. *The Executive Committee will be quorate when the majority of its members are present or represented at the meeting. Absent members can be represented by another member of the Executive Committee. However, non-executive directors can only be represented by other non-executive directors.*
11. *Discussions will be directed by the Chairperson, who will give the floor to the attendants wishing to speak.*

12. *Resolutions will be passed by absolute majority of the Committee members. If there is a tie, the matter will be submitted to the Board of Directors, for which purpose the members of the Executive Committee will request that a Board meeting be called according to the provisions in Article 34 of these Rules, unless a Board meeting has already been called for within the next thirty (30) calendar days, in which case the Chairperson of the Committee will ask the Chairperson of the Board to include the items involved in the tie on the Agenda for the meeting.*

13. *The Executive Committee, through its Chairperson, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.*

Regarding the most important actions carried out by this Committee, its functioning was evaluated in the meeting held on 19 January 2016.

Generally, the Executive Committee was in charge of monitoring and supervising the ordinary management and administration of the Company, which requires continuous attention and, as the case may be, rapid and diligent actions, as well as matters which may influence the positioning and future projection of the Company and its Group in the market.

The Executive Committee informed the Board of its decisions on a timely basis. In particular, the Executive Committee exercised the power it is attributed in Article 36 of the Rules of the Board of Directors of deciding on investments, divestments, credits, loans, guarantee and surety lines and other financial facilities for unit amounts not exceeding the figure established by the Board in each case.

State whether the Delegate or Executive Committee's composition reflects the composition of the Board in terms of Director type:

Yes ☐ No ☒

If not, detail the composition of the Delegated or Executive Committee

See the item dedicated to the particulars of its composition, where it is shown that all of its members are External Proprietary Directors.

AUDIT COMMITTEE

Name	Position	Current status
Mr Henri Proglio	Chairperson	Independent Director
Mr Manuel Gil Madrigal	Director	Independent Director
Mr Álvaro Vázquez de Lapuerta	Director	Independent Director
Mr Juan Rodríguez Torres	Director	External Proprietary Director
EAC Inversiones Corporativas, S.L. (represented by Ms Esther Alcocer Koplowitz)	Director	External Proprietary Director

Pct. of Proprietary Directors	**40**
Pct. of Independent Directors	**60**
Pct. of other External Directors	

Explain the functions that his Committee has, describe the procedures and its rules of organisation and functioning. Summarise the most important activities during the year.

Rules of the Board of Directors. Article 37. Audit and Control Committee

1. *The Board of Directors of FCC will establish, on a permanent basis, an Audit and Control Committee, without executive functions and with powers of reporting, advising and making proposals within its scope of action, comprising a minimum of three (3) and a maximum of six (6) Directors designated by the Board of Directors having regard to their knowledge and experience of accounting, auditing or risk management; all of its members will be non-executive directors and the majority of them will be independent directors, and the Committee will appoint a Chairperson from among its independent members, and it may also appoint a Vice-Chairperson. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors. Subject to the foregoing, the term of office for the chairperson and vice-chairperson, as the case may be, cannot exceed four (4) years and the same applies to their mandate as members of the Committee, but they may be reappointed once a year has elapsed since their removal.*

2. *At least one of the members of the Audit and Control Committee shall be an Independent Director appointed on the basis of his/her knowledge and experience in accounting, auditing, or both.*

3. *The Audit and Control Committee will govern its own affairs in accordance with the Articles of Association and these Rules. The Committee members who have held the post of Chairperson may not be re-elected until at least one year has passed since stepping down as Chairperson. The Audit and Control Committee will designate a Secretary, and may also designate a Vice-Secretary, neither of whom need be a member of the Committee, to aid the Chairperson and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted. The Secretary or the person standing in for him will draft the minutes of each Committee meeting, which will be signed by the Committee members in attendance.*
4. *The Audit and Control Committee will be quorate when a majority of its members are present or represented at the meeting; it will adopt decisions by absolute majority vote of those present or represented, and the Chairperson will have a casting vote in the case of a tie.*
5. *The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors. In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:*

   a) *Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.*

   b) *Liaising between the Board of Directors and the external auditor, evaluating the results of each audit, with the following additional duties with respect to the external auditor:*

      (i) *making recommendations to the Board of Directors for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his or her engagement;*

      (ii) *receiving regular information from the external auditor on the progress and findings of the audit programme, as well as ensuring its independence in the performance of its functions, and checking that senior management are acting on its recommendations;*

      (iii) *discussing with the external auditors of the Company any significant weaknesses in the Internal Control System detected during the audit;*

      (iv) *establishing the relevant relations with the external auditor to receive information on any matters that might jeopardise its independence, so that they may be reviewed by the Committee, and any other matters that are related to the development of the accounts audit, as well as any other communications provided in audit laws and standards.*

      (v) *ensuring the independence of the external auditor and, in particular, establishing appropriate measures to ensure that:*

         1) *contracting consulting services with that auditor or a company of its group does not jeopardise its independence, to which end the Committee will request and receive annually from the auditor a written confirmation of its independence with respect to the Company or entities directly or indirectly related to it, as well as information on any additional services of any type, and the corresponding fees, provided to those entities by the external auditor or by persons or entities related to the auditor, as set out in audit laws, and*

         2) *the Company issues a relevant event to the CNMV as regards the change in auditor, with a statement about any disagreements, should there be any, with the outgoing auditor and their nature, and in the case the external auditor resigned, the Committee must examine the reasons; and*

      (vi) *the Company's auditor must take responsibility for auditing the companies comprising the Group.*

   c) *Issuing an annual statement on the independence of the auditors or audit firms each year prior to the issuance of the auditors' report. In any event, that statement must address the provision of any additional services as referred to in section b) (v) 1) above, individually and in the aggregate, other than the legal audit and related to its independence or with auditing standards.*

   d) *Supervising the Company's internal audit units that oversee the proper functioning of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.*

   e) *Supervising and analysing the efficiency of the Company's internal control and the risk control and management policy approved by the Board of Directors, identifying at least:*

      (i) *the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;*

      (ii) *the determination of the risk level the Company sees as acceptable;*

      (iii) *the measures in place to mitigate the impact of risk events, should they occur; and*

      (iv) *the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, submitting them to the Board for approval.*



f) Supervising the preparation and presentation of the financial statements and management report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board of Directors before it adopts any of the following decisions:

(i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial statements and, to this end, considering the suitability of a limited review by the Company's external auditor; and

(ii) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC Group.

g) With respect to internal control and reporting systems:

(i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidated group, and the correct application of accounting principles;

(ii) reviewing internal control and risk management systems on a regular basis, including tax control systems, to ensure that the main risks are properly identified, managed and disclosed appropriately;

(iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports; receiving regular reports from the Response Committee and the Internal Control and Risk Management Department, respectively, about the performance of its activities and the functioning of the internal controls; and

(iv) ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the Company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.

h) Issuing reports and proposals as requested by the Board of Directors or the Chairperson of the Board and those it deems appropriate for the best performance of its functions, particularly,

(i) issuing the report on proposed amendments to these Rules, as provided in Article 4.3.

(ii) deciding on requests for information presented by directors, by virtue of Article 26.3 of these Rules, to the Committee; and

(iii) requesting, as the case may be, the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in Article 34.3 of these Rules.

6. The Audit and Control Committee will have access to all of the documentation and information needed to perform its functions and it may seek the advice of external professionals who, acting as advisors and numbering a maximum of two (2) for each member of the Committee, they deem convenient, in which case the provisions of Articles 27.3 and 35.4 of these Rules will apply. These advisors may attend and speak at the meetings but they may not vote.

7. The Audit and Control Committee will meet at least once per quarter and as convened by the Chairperson or when requested by two (2) Committee members. Each year, the Committee will draft an action plan for the year which it will submit to the Board of Directors, as well as a report on its activities during the year, which will serve as the basis for the evaluation to be conducted by the Board of Directors. In the absence or if attendance is impossible, of the Chairperson of the Audit and Control Committee or if that position is vacant, meetings may be convened by the longest-standing member of the Committee and, in the event of there being two or more members with the same seniority, by the one who is oldest. In the case of directors that are legal persons, the age of the natural person representing them shall be considered.

8. The Chairperson shall direct debates and give the floor to those attendees who wish to speak. In the absence or if attendance is impossible of the Chairperson of the Audit and Control Committee, or if that position is vacant, the functions of Chair will be performed by the member chosen for this purpose by the majority of attendees.

9. Any member of the FCC Group's management team or personnel, and the Company's external auditors, will obliged to attend meetings of the Committee when requested to do so, and must collaborate and provide the information at their disposal, as provided by Article 35.6 of these Rules where appropriate.

10. For anything not expressly regulated in this article in respect of the functioning of the Audit and Control Committee, the regulations of the Audit and Control Committee shall apply.

Regarding the most salient actions during the year, it should be noted that on 19 January 2016 the Audit and Control Committee of Fomento de Construcciones y Contratas, S.A. (hereinafter, the Company) issued a report on its activities and functioning during the year 2015.

The Committee assumed and effectively performed the list of powers entrusted to it by Articles 40 of the Bylaws and 37.5 of the Rules of the Board of Directors.

Thus, in the performance and fulfilment of those powers, throughout 2015 the Committee exercised, by way of illustration only, the following functions:

- Liaising between the Board of Directors and the external auditor of the Company, evaluating the results of each audit.
- Receiving regular information from the external auditor regarding the audit plan and the results thereof, and verifying that senior executives act on the recommendations of the external auditor.
- Supervising the Company's internal audit service, as well as its risk control and management policy, reviewing the identification of the most relevant risks and the adoption of the necessary measures to mitigate their impact.
- Supervising the process of preparing the individual and consolidated financial statements and management reports, and the financial reports disclosed to the markets from time to time, ensuring the compliance with the legal requirements and the proper application of accounting principles.
- Issuing a favourable report on the process of drafting the individual and consolidated financial statements and management reports corresponding to the year 2014, and that they have been drafted complying with legal requirements and applying generally accepted accounting principles.
- Issuing a favourable report on the Corporate Governance Annual Report of 2014.
- Supervising the fulfilment by the Company of the internal codes of conduct and the rules of corporate governance.
- Issuing a favourable report on the appropriateness of the information included in the 'Interim Statement' on the first and second quarters of 2015, according to the provisions in Article 20.1 of Royal Decree 1362/2007, of 19 October, and the provisions developing it, recommending that it be approved by the Board of Directors and sent to the CNMV and Securities Exchanges.
- Informing, in general, on the Internal Communications Channel's communications and the corresponding actions performed.
- Proposing to the FCC Board of Directors, to be submitted to the ordinary General Meeting of Shareholder, the appointment of Deloitte, S.L. as account auditors for FCC and the consolidated Group for 2016.
- Approving, pursuant to the provisions in Article 34.9 of the Rules of the Board of Directors, the self-assessment report on the performance of FCC's Audit and Control Committee during 2014 and present it to the Board of Directors.
- Issuing a favourable report on the appropriateness of the information included in the financial statements of the first semester of 2015 (Abbreviated financial statements and Interim Management Report), according to the provisions in Article 11 and following of Royal Decree 1362/2007, of 19 October, and the provisions developing it.

Identify the Director who is a member of the Audit Committee who was appointed on the basis of his/her knowledge and experience in accounting, auditing, or both, and report how many years the Chairperson of this Committee has been in office.

Name of Director with experience	**Mr Manuel Gil Madrigal**
Number of years of the Chairperson in office	**1**

COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES

Name	Position	Current status
Mr Álvaro Vázquez de Lapuerta	Chairperson	Independent Director
Mr Manuel Gil Madrigal	Director	Independent Director
Mr Juan Rodríguez Torres	Director	External Proprietary Director
Dominum Desga, S.A. represented by Ms Esther Alcocer Koplowitz	Director	External Proprietary Director

Pct. of Proprietary Directors	**50**
Pct. of Independent Directors	**50**
Pct. of other External Directors	**–**

Explain the functions that his Committee has, describe the procedures and its rules of organisation and functioning. Summarise the most important activities during the year.

Rules of the Board of Administration. Article 38. Appointments and Remunerations Committee

1. *The Board of Directors of FCC shall permanently establish an Appointments and Remuneration Committee, without executive functions but with powers for informing, advising and proposing within its scope of action, it will be composed of a minimum of four (4) and a maximum of six (6) members appointed by the Board of Directors. Its members may only be non-executive directors, of which two (2) shall be independent directors and another two (2) proprietary directors. The Committee will appoint the Chairperson from among its independent members. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.*

2. *The Appointments and Remuneration Committee will regulate its own functioning pursuant to the Corporate Bylaws and these Rules. The Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairperson and provide for the proper functioning of the Committee, duly reflecting, in the meeting minutes, the development of the deliberations at meetings, the contents of the deliberations and the resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors.*

3. *There shall be a quorum at the Appointments and Remuneration Committee meetings when the majority of its members are present or represented; its resolutions are to be passed by an absolute majority of the members present or represented and the Chairperson shall have a casting vote in the event of a tie.*

4. *The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and in addition to the duties established by law, by the bylaws and according to these Rules, the following functions:*

   a) *Evaluating the skills, knowledge and experience needed on the Board. For that purpose, it shall define the duties and capabilities required of the candidates to fill each vacancy, deciding the time and dedication necessary for them to properly perform their duties. Any Director may suggest candidates to the Appointments and Remuneration Committee for it to consider them for covering vacant positions.*

   b) *Examining or organising appropriately the succession of the Chairperson and Chief Executive and, as the case may be, making recommendations to the Board so that the handover proceeds in a planned and orderly manner.*

   c) *Submitting to the Board the proposals of appointment and re-election of independent directors so that they may be designated by co-optation or submitted to the decision of the General Meeting of Shareholders, as well as proposals for their re-election or removal by the General Meeting of Shareholders.*

   d) *Advising on proposals for the appointment and re-election of the rest of the directors so that they may be designated by co-optation or submitted to the decision of the General Meeting of Shareholders, as well as proposals for their re-election or removal by the General Meeting of Shareholders.*

   e) *Advising on the appointment and removal of senior executives and the basic terms of their contract, proposed to the Board by the chief executive, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 19.2.d) of these Rules. The Committee will also issue a report before any appointment to a position or office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee, and it shall be reported to the Board of Directors in each case.*

   f) *Proposing to the Board of Directors the remuneration policy for directors and senior executives or those performing senior management functions directly reporting to the Board, the Executive Committee or the CEO, as well as the remuneration of the executive directors and the other conditions of their contracts, overseeing compliance therewith. Also, advising and making proposals on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. Also, making proposals to the Board of Directors on the distribution among its the Directors of the remuneration for Board members decided by the General Meeting of Shareholders in accordance with the Articles of Association and these Rules.*

   g) *Preparing and maintaining a record of the status of directors and senior executives of FCC.*

   h) *Assisting the Board in the function of overseeing that the procedures for the selection of its members favour the diversity of genders, experience and knowledge, ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and should disclose to the Board, as the case may be, through the Annual Corporate Governance Report, the reason why there are few or no female directors and the initiatives adopted to correct this situation. For the foregoing purpose, it must establish a representation goal for the gender that is less represented on the Board of Directors and prepare guidelines on how to reach that goal.*



i) Advising on the proposed appointment of members of the Board of Director committees.

j) Advising on the appointment and removal of the Secretary of the Board.

k) Verifying the qualifications of the directors under Article 6.3.

l) Informing the Board of Directors in advance of all the matters provided in the Law, the Bylaws and these Rules of the Board, particularly on transactions with related parties.

m) Receiving and filing, in the record of status referred to in item g) above and the personal information provided by Directors, as established in Article 25 of these Rules.

n) Requesting, as necessary, the inclusion of items on the agenda of Board meetings, under the conditions and by the deadlines established in Article 34.3 of these Rules. The Appointments and Remuneration Committee should consult with the Chairperson and Chief Executive, especially on matters relating to Executive Directors and Senior Executives.

5. *The Appointments and Remuneration Committee will regulate its own functioning pursuant to the Bylaws and these Rules.*
6. *The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two (2) advisors per Committee member, as required. Such advisors may attend meetings but not vote, and the provisions of Article 27 of these Rules will apply to them.*
7. *The Committee will meet as often as determined, at least once per quarter, and whenever convened by the Chairperson or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board of Directors as well as a report on the activities it has performed during the year, which will be used as the grounds for the assessment that the Board of Directors will carry out.*
8. *In the absence or if attendance is impossible of the Chairperson of the Appointments and Remuneration Committee, or if the position becomes vacant, the Committee may be convened by the longest-standing member or, if there is equal seniority between members, by the oldest one. In the event of legal persons, the age of the individual representing them will be taken into account.*
9. *Discussions will be directed by the Chairperson, who will give the floor to the attendants wishing to speak.*
10. *In the absence or if attendance is impossible of the Chairperson of the Appointments and Remuneration Committee, or if the position becomes vacant, his/her functions will be performed by the member chosen for such purpose by a majority of those attending the meeting.*

During the year 2015, and according to the evaluation report issued at its meeting on 19 January 2016, this Committee carried out the following salient action:

- Evaluating the skills, knowledge and experience on the Board, defining the duties and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties.
- Advising on the proposals for appointment and re-election of Directors and members of the Board of Director Committees, as well as on the proposals of natural persons representing Directors.
- Overseeing compliance with the remuneration policy established by the Group, proposing to the Board of Directors the remuneration policy for directors and senior executives, as well as the basic conditions of senior executive contracts.
- Approving the contents of the documents called 'Report of the Appointments and Remuneration Committee on the Chairwoman of the Board of Directors' and 'Report of the Appointments and Remuneration Committee on the CEO', so that the Board of Directors may evaluate the performance of their functions during the year 2015, which is subject to the Board of Directors so that it may carry out the assessment mentioned in Article 34.9 of the Rules of the Board of Directors.
- Approving the report on the functioning of the Appointments and Remuneration Committee during the year 2015, as well as the report ratifying the current categories (proprietary, independent or executive directors) of Board members.
- Advising on the appointment of senior executives and other positions comprised within the first three levels, as well as any others with a remuneration equal to or above 75,000 euros.
- Approving the Report on the remuneration of the Board as per the bylaws for the year 2014.
- Advising on the fundamental aspects of FCC Group's general wage policy for the year 2015.
- Informing the Board of Directors in advance of all the matters provided in the Law, the Bylaws and these Rules of the Board, particularly on transactions with related parties.

APPOINTMENTS COMMITTEE (NOT APPLICABLE)

Name	Position	Current status

Pct. of Proprietary Directors	
Pct. of Independent Directors	
Pct. of other External Directors	

Explain the functions that his Committee has, describe the procedures and its rules of organisation and functioning. Summarise the most important activities during the year.

REMUNERATIONS COMMITTEE (NOT APPLICABLE)

Name	Position	Current status

Pct. of Proprietary Directors	
Pct. of Independent Directors	
Pct. of other External Directors	

Explain the functions that his Committee has, describe the procedures and its rules of organisation and functioning. Summarise the most important activities during the year.

C.2.2 Fill in the table below on the number of female Directors on the Board Committees during the last four years:

	Number of Female Directors			
	FY t Pct. (No.)	FY t-1 Pct. (No.)	FY t-2 Pct. (No.)	FY t-3 Pct. (No.)
Executive Committee	25% (1)	50% (2)	29% (2)	33% (2)
Audit Committee	20% (1)	50% (2)	40% (2)	40% (2)
Appointments and Remunerations Committee	25% (1)	37% (3)	30% (3)	33% (3)

C.2.3 Article revoked.

C.2.4 Article revoked.

C.2.5 Indicate, as the case may be, whether the Board Committees are regulated, where the regulations are available to be queried, and any amendments made during the year. Also, indicate if an annual report on each Committee's activities has been drafted voluntarily.

- The Rules of the FCC Board (Chapter IX. Board Committees).
- Report issued by the Board of Directors at its meeting of 19 January 2016 on the quality and efficiency of its functioning and that of its Committees during the year 2015.

C.2.6 Article revoked.

D. Related Party and Intra-Group Transactions

D.1 Explain, as the case may be, the procedure for approval of related party and intra-group transactions.

Procedure for informing on the approval of related-party transactions
Article 24 of the Rules of the FCC board state: *Transactions with significant shareholders* *"1. The Board of Directors shall approve, on the basis of a prior report by the Appointments and Remuneration Committee, any transactions by the Company or companies in its group with shareholders who, individually or together with others, hold a significant stake, including shareholders represented on the Board of Directors of the Company or of other Group companies or with persons related to them or their Directors. Directors who represent or who are related to affected shareholders must refrain from taking part in the discussions and voting on the resolution at issue.* *2. Only transactions simultaneously meeting the three characteristics stated under section 6 of the preceding article, in respect of the transactions between the Company and its Directors or the persons related thereto, will be excepted from this approval requirement."*

D.2 Describe those transactions that are significant due to the amount or subject-matter thereof between the Company or group entities and the Company's significant shareholders:

Name or company name of related significant shareholder	Name of group company or entity in its group	Nature of relationship	Type of transaction	Amount (thousand euros)
Control Empresarial de Capitales, S.A. de C.V.	FCC CO	Comercial	Collaboration contracts	Not applicable

D.3 Describe those transactions that are significant due to the amount or subject-matter thereof between the Company or group entities and the Directors or executives of the Company:

Name or company name of the Directors or executives	Name or company name of the related party	Relation	Nature of the transaction	Amount (thousand euros)
–	–	–	–	–

D.4 Report the significant transactions made by the company with other entities belonging to the same group, provided they are not eliminated in the preparation of the consolidated accounts and they are not part of the ordinary course of business of the company as to their purpose and conditions.

In any event, any intra-group transactions with entities established in countries or territories deemed to be tax havens must be reported:

Name of group entity	Description of the transaction	Amount: (thousand euros)
–	–	–

Note:

There are many transactions between Group companies in the ordinary course of their business which are eliminated in the process of drawing up the consolidated financial statements.

D.5 Indicate the amount of the transactions with related parties.

D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the group and its Directors, executives or significant shareholders.

Article 23 of the Rules of the Board of Directors states:

"Conflicts of interest

1. *Within the scope of the duty of avoiding situations of conflicts of interest stated in section 2.e) of the preceding article, Directors must refrain from:*
   a. *Carrying out transactions with the Company or companies in its Group, unless they are ordinary transactions done on an arm's length basis and of low relevance, understanding as such those that do not need to be reported in order to give a true and fair view of the state of affairs, financial position and results of the Company.*
   b. *Using the name of the Company or invoking their director status to unduly influence the performance of private transactions.*
   c. *Using corporate assets, including confidential information of the Company, for private purposes.*
   d. *Taking advantage of the Company's business opportunities.*
   e. *Obtaining benefits or remuneration from third parties outside the Company or its Group in connection with the performance of his/her office, except where those benefits are merely a matter of courtesy.*
   f. *Performing activities for their own account or on behalf of third parties which entail effective competition, whether actually or potentially, with the Company, or which in any other way may place them in a situation of permanent conflict of interests with the Company.*
2. *The above provisions shall also apply in the event the beneficiary of the prohibited acts or activities is a person related to the Director.*
3. *In any event, Directors must report to the Board of Directors, via the Corporate Responsibility Department or any other replacing it, with reasonable notice, any situation of direct or indirect conflict that they or the persons related to them might have with the interests of the Company or the companies included in FCC Group or its related companies.*
4. *The Company may dispense from the prohibitions included in this article in individual cases where it authorises the performance by a director or a related party of certain transactions with the Company, the use of certain corporate assets, the use of a specific business opportunity, or the obtainment of a benefit or remuneration from a third party.*
5. *The authorisation must necessarily be approved by the General Meeting when the object is the dispensation from the prohibition of obtaining a benefit or remuneration from third parties, when it affects a transaction whose value exceeds ten percent (10%) of the corporate assets or has to do with the obligation of not competing with the Company. In the latter case, dispensation will only be provided where no harm is expected for the Company or that which is expected is offset by the benefits that are due to be obtained from the dispensation, by way of an express, separate resolution of the General Meeting.*

6. *In all other cases affecting the prohibitions included in this article, the authorisation may also be granted by the Board of Directors, following a favourable report of the Appointments and Remuneration Committee, provided that there are guarantees as to the independence of the directors granting the authorisation from the director being dispensed or the affected related party. It will also be necessary to ensure that the authorised transaction is harmless for the corporate assets or, as the case may be, that it is done on an arm's length basis and that the process is transparent. The affected directors or those representing or related to the affected shareholders must refrain from taking part in the discussions and voting on the agreement in question. Only transactions that simultaneously meet the following three (3) characteristics will be excepted from the obligation of being authorised by the Board of Directors referred to in the preceding paragraph:*

   a) *they are governed by standard form agreements applied on an across-the-board basis to a large number of clients;*

   b) *they are performed at market prices or rates generally set by the person acting as supplier of the goods or services in question; and*

   c) *their amount is no more than 1% of the company's annual revenues.*

7. *In any event, situations of conflict of interest between Directors shall be included in the Annual Corporate Governance Report according to the terms established by law.*

8. *For the purpose of the provision herein, related parties will be deemed to be those included in the Capital Companies Act."*

D.7 Is more than one Group company listed in Spain?

Yes ☒ No ☐

Identify the subsidiaries that are listed in Spain:

Listed subsidiaries
CEMENTOS PORTLAND VALDERRIVAS S.A.

Has a public definition been established describing precisely the respective business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies?

Yes ☐ No ☒

Define any business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies
–

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for resolving conflicts of interest
–

E. Risk Control Systems

E.1 Explain the scope of the Company's Risk Management System, including those of a fiscal nature.

FCC Group is currently in the midst of implementing an Integrated Risk Management Model, which began in 2014 and is gradually being extended, that when in full operation will significantly enhance the mitigation of impacts that might lead to deviations and non-compliance with its financial and business strategy. This model will allow the Group to anticipate the materialisation of the possible risks to which its business is exposed, by operating in different geographic areas, activities and legal environments which in turn entail different risk levels suited to the activities in which it carries out its operations.

During 2015, the Risk Management Department prepared and submitted a new set of regulations related to FCC Group's Governance, Risk and Regulatory Compliance to the Audit and Control Committee. Among other documents, these regulations include the Risk Management Policy and System, which will foreseeably be approved by the Group's Board of Directors during 2016, furthering the implementation of the risk control and management model.

The Risk Management regulations are meant to implement, develop and continuously improve a common working structure or framework, with the goal of integrating the risk management process within Corporate Governance in relation to organisation, planning and strategy, management, reporting processes, policies, values and culture:

– Integrating the risk-opportunity vision in FCC Group's management, by defining the strategy and the risk appetite, as well as incorporating this to strategic and operational decisions.

– Separating functions, at an operational level, between risk management and risk taking areas and the areas responsible for analysing, controlling and supervising risks, guaranteeing adequate levels of independence.

– Transparently reporting the Group risks and the functioning of the control systems developed by the Board of Directors, maintaining the adequate channels to favour that communication.

– Supervising the implementation of suitable action plans for hedging risks.

– Acting at all times pursuant to the Law and the Company's Corporate Governance system and, particularly, according to the values and standards of behaviour stated in the Code of Ethics and under the 'zero tolerance' principle in relation to unlawful acts and situations of fraud.

– Supervising suitable compliance with the Rules of Corporate Governance established by FCC Group, through its corporate governance system, in turn guaranteeing the updating and permanent improvement of that system within the framework of the best international transparency and governance practice, in this way allowing the monitoring and measurement of that compliance.

This Risk Management Policy determines a risk control and management model based on three levels of risk management. The first and second risk management levels are within the business unit itself, which as part of its activity gives rise to risk exposure within FCC Group.

The first risk management level is carried out by the business unit's operating lines, which are responsible for managing, monitoring and adequately reporting the risk that is generated, which must be adjusted to the authorised risk appetite and risk ceilings. To meet this function, this first risk management level must have the means to identify, measure, manage and report the risks that are adequately assumed. Below are some of the first level activities related to Risk Management:

- Drafting of Risk Materialisation Reports every four months.
- Assuming executive functions in the assurance of vertical or individual risks in projects or the response thereto.
- Assuming responsibilities in its management of vertical or individual risks in projects.
- Implementing responses to risks on behalf of Management.

The second internal control level is made up by support, risk control and supervision teams within the business unit. This second level oversees the effective control or risks and ensures that these are managed according to the defined risk appetite level. Below are some of the second level activities related to risk management:

- Drafting of the initial Risk Map at the time of bidding for a new project.
- Monitoring the Risk Materialisation Reports exceeding the materiality allocated to each business unit.
- Aggregate analysis of the risk assumption level of each business unit at every given moment to ensure that the risk level accepted and approved by the Board of Directors is not exceeded.
- Making decisions on handling risks.
- Assuming executive functions in the assurance of crossover risks or those applying to the entire business unit or the response thereto.
- Assuming responsibilities regarding own management of crossover risks or those applying to the entire business unit.

The third risk management level includes the corporate functions located outside the business unit and hence independent from it. The most relevant corporate function in the risk management process is performed by the Internal Audit and Risk Management Department, which reports directly to the Audit Committee and assumed two distinct functions: the risk management function and the internal audit function.

The risk management function is responsible for carrying out the adequate coordination of the entire risk control and management process, reporting any incidents found and centralising and transmitting the best practice in this area. Below are some of the activities performed by the risk management function in the third level of Internal Control:

- Developing the risk management strategy so that it may be approved by the Board.
- Proposing the accepted risk level to the Board for approval.
- Leading the implementation of the Risk Management System.
- Assisting in the identification and evaluation of risks.
- Advising Management in the treatment of identified risks.
- Collaborating in the coordination of risk management.
- Collaborating in the implementation and maintenance of the framework for the business risk management and policy, supporting the Board through the Audit Committee.
- Preparing aggregate risk analyses and reports.
- Coordinating the risk management activities, ensuring that there are homogeneous criteria in each business unit.
- Providing assurance in respect of the risk management processes and the correct evaluation thereof.
- Evaluating the preparation of key risk reports by the business unit and reviewing the management thereof.
- Providing assurance in respect of the correct evaluation of key risks.

Subsequently, the internal audit function, as the last line of defence and acting as the last layer of control, evaluates from time to time the compliance with policies and procedures and checks that they are effectively implemented. Below are some of the activities of the third internal control level that are carried out by the internal audit function:

- Reviewing compliance with the risk management process.
- Reviewing the management of key risks.
- Reviewing the effectiveness, efficacy and efficiency of the controls.
- Evaluating the risk management processes, including the supervision of controls and procedures.
- Evaluating from time to time and independently the effective performance of the activities entrusted to the risk management function.
- Keeping the compliance function informed of any circumstances found within the internal audit function with regulatory implications.

The three lines of defence are sufficiently separate and independent so as not to jeopardise the effectiveness of the general approach and they act in coordination in order to maximise their efficiency and boost their effectiveness. To this end, within each specific function at each level there should be the sufficient and necessary independence to allow the adequate functioning of the Corporate Governance System for Risk Management.

Above the lines of defence, the Board committees and the executive risk committees both in the corporation and in the business units take care of the suitable management and control of risks from the highest levels of the organisation.

These risk maps take stock of the identification of the main risks of the business areas, together with the controls established by Management to mitigate the effect of said risks and the assessment, in terms of likelihood of occurrence and their impact on the financial statements, of the area being analysed. Therefore, with support from the risk managers in the different business areas, the Group's Management is being guided in a process of redefining and improving those risks, including the risks related to financial reporting and the preparation of those reports, both in terms of the definition and the allocation of responsibilities in risk management in the field of operations and in the preparation of procedures and methods, which include:

- Identifying the key risks for FCC Group according to the potential threat they represent for achieving the objectives of the organisation.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- Identifying the key control activities to mitigate those risks.
- Identifying the risk holders.
- Allocating control responsibilities.
- Establishing key risk indicators.
- From time to time, the management of each business area analyses, together with the Risk Management Department, what risks have materialised in each of the Group areas, reporting it to the Audit and Control Committee.

Additionally, and once the model has been fully implemented, for risks exceeding the accepted risk level for each of the sectors of activity, the necessary action plans are established with the possible corrective measures to ensure their critical levels fall within the accepted risk level. These action plans include the necessary actions to reinforce existing controls and they may even incorporate new controls.

Furthermore, each business unit fills in the Risk Materialisation Report (RMR), identifying the different types of risks that have materialised including:

– Identification and description of the risk that has materialised.

– Reason and cause of the materialisation of risks.

– Economic impact that has materialised, been incurred or accrued, the effect of which has already been recorded on the organisation's financial statements and regarding which Management cannot do too much.

– Economic impact that has materialised and is yet to be incurred or accrued, where the effect on the Group's financial statements may be mitigated by the business area Management or by establishing specific action plans. Said impacts are identified as deviations from the strategic plan in the planning tools of each one of the business areas.

– Control activities.

– Identification of failed controls.

– Risk materialisation indicators.

– Risk holders or people responsible for risks.

The risk materialisation reports are received and analysed by the General Internal Auditing and Risk Management Department, after which it will provide the necessary guidelines in relation to the COSO methodology, with the goal of collaborating with Management and carrying out the pertinent action. At present, the Group's General Internal Auditing and Risk Management is guiding the business units in the suitable identification of existing control activities under COSO, as well as in the identification of the most effective risk materialisation indicators.

During 2015, as a continuation of the work done in 2014 and in keeping with the contents of the above-mentioned regulatory documents, there has been partial risk management in each of the business areas via:

- The identification of key risks for FCC Group based on their potential threat to achieving the organisation's objectives, at the level of each of the business areas.
- Risk evaluation. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- The identification of the controls and procedures to mitigate the economic impact of the risks and the likelihood of their occurrence.
- The identification of the specific control activities to mitigate the economic impact of the risks and the likelihood of their occurrence.
- The identification of risk indicators making up a warning system, detecting signs of the exposure to and materialisation of risks, warning when a situation arises and enabling the adoption of preventive measures before the materialisation of the risk.
- The identification of a proprietor for each of the identified risks, as the first person in charge of keeping the suitable level of internal control.

In addition, with the goal of ensuring compliance with the best practice available in the field (COSO), FCC Group's Internal Audit and Risk Management Department has supervised the work performed by the different business areas in the stages of the implementation process of the model related to risk identification and evaluation, as well as to the suitable identification of the existing control activities and the identification of the most effective risk materialisation indicators.

During 2016, and within the above-mentioned regulatory framework, progress will continue in the procedure of implementing the model. For risks exceeding the Accepted Risk for each sector of activity, the necessary action plans will be established with corrective measures to keep their critical levels within the accepted risk area. These action plans will include the necessary measures to reinforce existing controls and may even incorporate new risk controls. Work will likewise be done towards identifying control performance indicators.

Additionally, work will be done to update the specific procedures to carry out the risk management in each of the business areas, so as to ensure both their compliance with the model and their active involvement in any decision-making process within the organisation.

FCC Group's global risk management system, following the best business practice in this field and applying the COSO method, has categorised risks as follows:

- **Strategic.** These are the risks that are considered key for the Group and hence they must be managed on a proactive and priority basis. Should these risks materialise, they seriously jeopardise the achievement of strategic goals.
- **Operating.** These risks are related to operations management and the value chain of each one of the business areas and the protection of assets in the case of possible losses.
- **Compliance.** These are risks affecting internal or external regulatory compliance.
- **Financial.** Risks associated with the financial markets and with the generation and management of cash.
- **Information or reporting.** These refer to internal and external financial and non-financial information and comprise established aspects of reliability, opportunity and transparency.

Given the singularity of the reporting risks and how important it is for FCC Group to adequately control this type of risks, in 2015 work began towards treating this as an independent category, with reference to risks associated to the reliability of the financial information generated in business, which is consolidated at the parent of FCC Group. These risks include those related to the generation of information and those related to the management of that information throughout the organisation. Thus far, reporting risks were included in the category of operating and strategic risks.

E.2 Identify the company bodies in charge of drawing up and executing the Risk Management System, including fiscal risks:

- **Executive Committee**

  As set out in Article 36 of the Rules of the Board of Directors of FCC, S.A, the Board may permanently delegate to the Executive Committee all of the powers pertaining to the former, except those which are reserved to the Board by the Law, the Bylaws or the Rules of the Board of Directors. Like the plenary Board, the Committee ensures that FCC Group's organisation structure, planning systems and management processes are designed to deal effectively with the different risks to which FCC Group's business is exposed.

- **Audit and Control Committee**

  In relation to compliance with Article 529 of Act 31/2014, of 3 December, amending the Capital Companies Act for the improvement of corporate governance, the Rules of the Board of Directors have been adapted to the new legal requirements, the latest version having been approved by the Board on 7 October 2015.

  Also, in compliance with Articles 529 terdecies and 529 quaterdecies of that same Act, the name of the Audit Committee is changed (translator's note: the change has no relevance as far as the translation is concerned).

  According to Article 37 of the Rules of the Board, and as established in the new Unified Code of Governance of Listed Companies, updated in February 2015, in recommendation 53, and in recommendations 39 to 46.a) and principles 20 and 21, the main function of the Audit and Control Committee is to support the Board of Directors in its general surveillance and monitoring functions, particularly as regards the risk control and management policy, monitoring the risk maps and the action plans needed to mitigate the most relevant risks that have been identified, and last of all it must supervise the Company's internal auditing services.

- **Management Committee**

  There is a Management Committee for each business unit.

- **Response Committee**

  This Committee is in charge of supervising the adequate functioning of the Whistleblowing Channel, assessing possible improvements of the controls and systems established in the Company, processing communications in order to solve them, encouraging knowledge of the Code of Ethics and regularly drawing up reports on the level of compliance therewith.

- **Risk Committee of each one of the business areas**

  Currently, the risk Committees are included in the Committees held by each of the business areas, and it will become fully operational when the implementation of the Comprehensive Risk Management Model process is finished.

  During 2016 the relaunch of the risk committees of the business areas is envisaged.

E.3 Point out the main risks, including fiscal risks, that may affect the achieving the business objectives.

Strategic risks

a) FCC Group's substantial borrowing could negatively affect its financial situation

(i) FCC Group's borrowings

FCC Group has substantial borrowings, fundamentally as a result of the financing agreements and other additional financing arrangements. Said borrowings could increase due to a number of reasons, including fluctuations in operating profit or loss, capital expenditure, working capital requirements and potential acquisitions or temporary trade associations.

FCC Group's financing agreements include financial ratios and other restrictive covenants that limit its capacity to carry out activities that might benefit its long-term interests, to pay dividends or to invest in new projects. If FCC Group does not comply with those covenants or does not meet its debt service obligations, it could incur in a breach of its financing agreements. Said breach, if it is not remedied or dispensed, could lead to an accelerated repayment of all the debt under the corresponding financing agreement. Under certain circumstances, should an event of breach occur, the debt under the financing agreement that entered into force in June 2014 may partially be converted into new FCC shares. On 21 November 2014, FCC Group entered into a binding agreement, the 'New Restructuring Framework Agreement', with creditor entities representing 86.5% of the Financing Agreement and other existing debt. This agreement was implemented by the Court in January 2015 and was challenged by three financial lenders, although it is considered that the likelihood of a final court order contrary to the Group's interests is remote.

On the other hand, FCC Group's financing agreements include obligatory clauses establishing the full early repayment that might be triggered by certain events, for instance, among others, a change of control. They also include obligatory clauses establishing partial early repayment. Pursuant to said clauses, the funds originating from certain capital increases and insurance indemnities, as well as from cash flow surpluses, must be used for the early repayment of FCC Group's financial debt.

Also, FCC Group has recorded liabilities as a consequence of the payment deferrals granted by Spanish tax authorities for Value Added Tax and Corporate Income Tax, as well as deferrals of Social Security contributions, corresponding to withholding taxes for personnel work. Non-compliance with the agreed payment schedule could entail financial losses for FCC Group.

If FCC Group does not have enough cash to pay its debt, meet all the obligations arising therefrom and fulfil other liquidity needs, it might need to carry out action such as reducing or delaying capital investment, selling assets, restructuring or refinancing all or part of the existing debt, seeking additional own capital or missing business opportunities. FCC Group cannot guarantee that it will be capable of carrying out these measures in the future, including the relevant dispensations by the creditor entities under the financing agreements, under reasonable terms or otherwise.

On the other hand, it should be noted that FCC's financing agreement has restrictions on certain types of fund transfers by the parties obliged under the agreement.

FCC Group's project finance agreements likewise establish limitations on the use and transfer of funds as long as the debt service has not been fulfilled and as long as certain undertakings under those agreements have not been met.

(ii) Characteristics of Cementos Portland Valderrivas Group's borrowings

As part of FCC Group's debt mentioned above, Cementos Portland Valderrivas, S.A. must comply with a number of financial ratios by virtue of the syndicated refinancing agreement entered into on 31 July 2012 (the "CPV Refinancing Agreement"). These ratios are based on the costs of the consolidated Cementos Portland Valderrivas subgroup (excluding the Giant Cement Holding, Inc. subgroup) and they are co-related to its net financial debt level and its net financial expenditure in respect of EBITDA, as well as to its CAPEX ceiling.

Notwithstanding the 'without recourse to FCC' nature of Cementos Portland Valderrivas subgroup's debt, as party to Cementos Portland Valderrivas, S.A.'s syndicated refinancing agreement, FCC entered into an agreement called "CPV Support Agreement," whereby it was agreed that FCC would contribute up to a maximum of 200 million euros to CPV if certain events occurred in relation to CPV's minimum EBITDA obligations.

Since CPV has not complied with the EBITDA levels provided in the "CPV Support Agreement," FCC is liable since 10 October 2014 for the payment of up to 200 million euros to CPV pursuant to the above-mentioned CPV Support Agreement, although said payment has been deferred and it is governed by the same terms and conditions of FCC Group's refinancing agreement.

Besides the situation of the CPV Refinancing Agreement, on 5 February 2015 FCC made a voluntary early repayment of the outstanding debt under the syndicated loan. The payment was made with a favourable resolution of the group of entities financing Cementos Portland Valderrivas, S.A., representing over 75% of the outstanding debt amount. With this payment, CPV met the capital repayment commitments of its debt principal for the entire year 2015.

As a consequence of the non-fulfilment of the ratios as of 31 December 2015, on 4 December 2015 the Company requested and obtained an affirmative reply from financial entities representing 42.1% of the outstanding balance, [allowing it] to keep in suspense the right to call for the early repayment of the financing agreement exclusively as a consequence of the non-fulfilment of the financial ratios.

(iii) Lenders may seek the early repayment of the debt

Some of FCC's lenders could interpret that the terms of the New Restructuring Framework Agreement or that the fact that FCC has been subject to an event of obligatory winding-up might give rise to a breach of contract or to an early repayment, according to the terms and conditions of some of the agreements regulating part of FCC's existing debt. As a consequence, they could try to instigate the early maturity of the debt involved.

Bondholders are not affected by the New Restructuring Framework Agreement and the corresponding Court approval thereof. Notwithstanding the foregoing, a group of holders of convertible bonds in January 2015 brought legal action at English Courts, requesting a declaration that the above-mentioned New Restructuring Framework Agreement and the corresponding Court approval represent a general financial restructuring process which, pursuant to the terms and conditions of issuance of said convertible bonds allows the holders to request from FCC the early repayment of their debt individually.

In April 2015, the English judge passed judgment acknowledging the right of bondholders to request from FCC said partial early repayment individually. In order for the early full repayment of the issue to take place, it would be necessary that bondholders representing at least 5% of the nominal balance outstanding ask for a Bondholder Assembly to be called where they, by absolute majority of the nominal balance of bondholders present or represented at the assembly (subject to there being a quorum) resolve said early full repayment. FCC is not aware of any bondholders having sought such an assembly or requested the individual maturity of convertible bonds, not even the bondholders who brought the action in the United Kingdom.



This Court judgment was appealed by FCC Group, which was authorised by the Court of Appeals to appeal, and the outcome is pending. Notwithstanding the foregoing, the plaintiffs could try to execute the judgment provisionally.

Said judgment, once it is firm or executed provisionally, could be resorted to by FCC lenders that are party to the FCC Financing Agreement as an event of early maturity of the credit due to cross breach. However, in order for said early maturity to go ahead it would have to be approved expressly by a majority of at least 66.67% of the lenders.

FCC Group considers that the judgment passed by the English judge regarding the convertible bonds has no impact whatsoever on the approval process, because it is a circumstance affecting debt outside the New Restructuring Framework Agreement, unrelated to the possible reasons for challenging said Court approval process.

b) FCC Group is exposed to risks in the execution of its disinvestments

With the goal of reinforcing its position in its strategic activities and improving its results and financial situation, in 2013 the Board of Directors of FCC decided, among other actions, to divest from certain activities and assets that were not strategically important or in which it did not have a controlling position. Accordingly, in November 2015 Cemusa was sold and an agreement was signed for the sale of Globalvía.

FCC Group might not be able to complete the remaining divestments within the scheduled terms and, also, the divestments that have already been started might not reap the economic results that FCC Group expects to obtain, and the scheduled divestments might not even be executed in the end. It is also necessary to take into account that the contracts documenting said divestments normally include guarantees and obligations to indemnify the buyer in respect of the contingencies identified by the latter regarding the business the object of the divestment. Should said contingencies materialise, FCC Group could be liable for the payment of significant amounts by virtue of the above-mentioned guarantees and indemnities agreed to with the buyer.

FCC Group's current and future financing agreements might restrict its capacity to carry out future divestments or might impose requirements on the use of the revenues obtained from those divestments; also, FCC Group may not be able to obtain the necessary consent in respect of the contractual restrictions prohibiting the projected disinvestment.

c) Adjustments due to impairment and provisions could have a significant negative effect on FCC Group's business and finances

FCC Group has recorded significant goodwill, concessions and other intangible assets on its balance sheet. FCC cannot assure that the Group will not incur losses/adjustments due to impairment of said intangible assets or other Group property, plant and equipment. Should this occur, it could have a significant negative effect on FCC Group's business and finances. For instance, a reduction of the revenues expected in the Construction Area, as a consequence of the difficult market conditions in Spain which remain in place, could oblige FCC Group to record further impairments.

A significant impairment of the cash flows supporting FCC Group' goodwill would have a negative impact on FCC Group's income statement, by recognising impairment adjustments in the corresponding goodwill, and on its balance sheet and equity, due to the subsequent reduction of the corresponding book values. This in turn could have other indirect negative effects, such as the difficulty in complying with the existing commitments under the financing agreements, or the non-renewal thereof or the non-obtainment of new financing.

d) Risks related to the Court approval, as well as to the breach and early repayment of certain debt

FCC Group has requested that certain agreements provided in the New Restructuring Framework Agreement, particularly releases from debt, margin reductions, payment deferrals, including the potential extension of the duration of Tranche B in the event of non-conversion, be imposed upon the dissenting creditor entities via the court approval of the agreement. This request met with a favourable decision by the relevant judge of the Commercial Court, although it was subsequently challenged by three of the dissenting lenders. If the challenging of said Court approval is accepted, this would not prevent the validity and application of the New Restructuring Framework Agreement to the lender entities that favoured it, as expressly stated in that New Restructuring Framework Agreement.

A Court decision accepting the challenge in respect of the extension of effects resulting from the Court order of approval should only bear effects for the challenging lenders, which in such event would be released from the effects of the New Restructuring Framework Agreement. Notwithstanding the foregoing, it cannot be ruled out that a decision accepting the challenging of the extension of effects resulting from the order of approval may also have effects favouring the non-challenging dissenting lenders, and hence that the effects of the New Restructuring Framework Agreement not be applied to them either.

e) FCC Group is exposed to risks in relation to deferred tax assets

In principle, the cumulative losses incurred by FCC Group in prior years may be used to offset future profits subject to taxation. These deferred tax assets show the amount of the tax losses that FCC Group expects to be able to use, as well as the deferred tax assets that it expects to recover in the future. A change of FCC's expectations on its capacity to use deferred tax assets in the future (whether because of a change in the rule such as to eliminate or limit the right to offset deferred tax assets or a change in FCC Group's strategic plans or in its expected future profits) may cause an impairment of the value of those assets, which could negatively affect the results of FCC's operations.

The tax reform in Spain affecting Corporate Income Tax reduces the general tax rate applying in Spain from 30% to 28% in 2015, and to 25% as from the year 2016. Although this reduction of the tax rate might have a positive financial impact on the Group in the medium to long term, it will represent a reduction of the deferred tax assets and liabilities corresponding to the activities carried out in Spain and booked in the past, as well as of those booked in the future, and this could have a negative impact on the Group's equity level.

f) FCC Group's working capital requirements are highly seasonal and require it to maintain high liquidity levels

FCC Group's cash requirements are very seasonal. Its cash requirements are higher in the summer and they are lower in the fourth quarter, when FCC Group receives payments from many of its public sector clients, particularly in November and December.

The only bilateral credit facilities available under the Financing Agreement that could be used to provide FCC Group with working capital are factoring, leasing and confirming, and these will be available only throughout the term of the Financing Agreement. The financing institutions that are party to FCC's Financing Agreement have undertaken to maintain the leasing and confirming facilities that were in place on the date when the FCC Financing Agreement was signed.

As long as the Financing Agreement is in force, FCC Group will be subject to limitations for further borrowing. Thus, under certain circumstances, FCC Group may open up new credit facilities provided that the new aggregate debt does not exceed a ceiling of 150 million euros.

On the other hand, the increase of seasonality in FCC Group's business which cannot be managed by extending the credit facilities or other sources of liquidity could have a negative impact on FCC Group's liquidity and on its capacity to meet its working capital requirements.

g) FCC Group is required to furnish performance bonds or similar instruments

In project-related business, FCC Group is required to furnish performance bonds or other similar instruments to ensure the timely compliance with its contractual obligations. If FCC Group does not manage to have those bonds granted by financial institutions under terms acceptable for its clients, it cannot submit its bid to take part in a project or, as the case may be, it may have to incur larger financial costs to obtain the necessary guarantees or bonds.

h) FCC Group cannot ensure that its cost control programme will yield the expected results

The cost control programme implemented by FCC Group as from 1 March 2013 affects each and every one of its business areas and is based on the compliance with a number of objectives including (i) staff cuts (both in operations and ancillary services personnel) that significantly affect the Construction and Cement areas, with the object of adapting said personnel to the current conditions of the Spanish market; (ii) reorganisation of the Environmental Services area (mainly outside Spain) and the Water area with the purpose of simplifying the staff structure; (iii) implementation of new operating procedures to improve the efficiency of the contracts in the Environmental Services and Water areas; (iv) elimination of non-profitable business in the Cement area; (v) reduction of the cost of facilities as a result of staff relocation and less space used; (vi) other ad hoc measures.

These measures have led and may lead in the future to substantial cost restructuring. FCC Group, however, cannot ensure that its cost savings programme will yield the expected profits and returns.

i) The staff cuts that FCC Group has carried out to adapt to market demands may negatively affect its business development

FCC Group has reduced its headcount as a result of the cost restructuring plan. Since 2013, FCC Group has gradually reduced the number of its employees in order to meet current market demands, adopting for such purpose several types of restructuring measures including the collective redundancy measures in FCC Construcción, S.A. that ended on 30 June 2015.

However, the layoff or early retirement of staff could negatively affect the future development of FCC Group's business, including its capacity to take advantage of new opportunities and maintaining sufficient professional expertise to perform planned activities.

In this regard, FCC Group has developed, in the Spanish territory, a project for the modernisation of the information and human resources management system, integrating all the information in a single, unique global database for the whole Group, with the purpose of supporting and facilitating that human resources management.

This project also includes an IT tool running under SAP, to design and implement the payrolls of all FCC Group's companies in Spain, thereby improving the security, quality and homogenisation thereof.

j) FCC Group could come across difficulties for the implementation of its international growth strategy

International business represents approximately 47% of the turnover of the FCC Construcción Group and it is carried out mainly in European, North American and Latin American markets. Since at present FCC Group generates over half of its revenues in Spain, it remains exposed to a certain degree of concentration risk in respect of the Spanish economy.

One of the goals of FCC Group's international diversification strategy, contemplated in its Strategic Plan, is to mitigate that risk by reducing the scope of its exposure to one national economy. Insofar as FCC Group is not capable of implementing its diversification strategy it will not be able to reduce its exposure to the Spanish economy.

In addition, at the Shareholders' Meeting of 25 June, FCC Group and Carlos Slim reached an agreement for the joint execution, on a 50-50 basis, of big projects in the Americas except Mexico, which is expected to boost the international growth strategy.

k) FCC Group's international operations imply additional risks; the exposure to said risks will rise as its international operations grow

FCC Group expects to continue facing current and additional risks in international operations in the various jurisdictions where it operates. These risks may include difficulties in terms of managing personnel and the operations involved due to distance, time zones, language and cultural differences, difficulty finding local partners, hiring and training new personnel that speak the local language and with knowledge of the market, and difficulties for the correct implementation of our internal control policy and procedures in all the countries in which we operate. If FCC Group is unable to effectively mitigate or eliminate those risks, the results of its operations could be materially and negatively affected.

l) The impairment of Spanish and global economic conditions could negatively affect FCC Group's business

FCC Group's business returns have been closely linked in the past, and are expected to continue to be so to a certain extent in the future, to the economic cycle of the countries, regions and cities in which it operates. Normally, sound economic growth in the areas where FCC Group operates leads to greater demand for its services and products, whereas slower growth or a contraction of the economy reduces demand.

The global economy has been significantly impaired over the last few years as a result of a severe financial and liquidity crisis. Said crisis has had a global impact, affecting both emerging and western economies. The crisis has affected several markets in which FCC Group develops a substantial part of its operations, including the Spanish market.

If the Spanish economy and that of other markets in which FCC Group operates stagnates or even contracts, FCC Group's business could be negatively affected as a consequence of the delay or even abandonment of potential projects on the part of FCC Group's clients, both in the private and public sectors, as well as due to a reduction of construction activities and a fall in the demand of construction materials. Also, for projects in which the infrastructures are owned by public administrations but are administrated and exploited by FCC Group, the Group's operating costs could increase if said administrations do not make the necessary investments for the adequate maintenance and renewal of the facilities. In periods of economic contraction, the authorities are more than likely to be reluctant to incur these types of expenses.

m) FCC Group's international operations could be affected due to economic, social and political uncertainty

FCC Group carries out its activities in various jurisdictions and in the future it might expand its activities to new countries.

If FCC Group decides to enter new markets, it could be difficult to identify and adequately evaluate the risks present in each one of them until it gathers sufficient experience in each of these new markets. The revenues and fair value of FCC Group's international affiliates, as well as the dividends that may be generated through said affiliates, are exposed to the risks inherent to the countries where they operate. The economies of these countries are in different stages of political and socio-economic development. As a consequence, just like many other companies with a significant number of international operations, FCC Group is exposed to various risks in relation to business and investments outside its own jurisdiction. These risks may include:

- the influence of national governments on the economy;
- fluctuations in the growth of the local economy;
- high inflation;
- devaluation, depreciation or excess revaluation of local currencies;
- foreign exchange controls or restrictions for repatriating profits;
- a changing interest rate environment;
- changes in financial, economic and fiscal policies;
- political, legal, regulatory and macroeconomic instability; and
- in some regions, the possibility of social unrest, terrorist acts and war.

Operating risks

a) Public administrations may unilaterally modify or terminate certain contracts before they are fully executed. The compensation for FCC Group in such cases might not be sufficient to cover the damage caused, aside from the fact that it might be hard to collect that compensation

In Spain, as a general rule, if a public administration that has granted a concession linked to FCC Group's main activity decides to terminate the concession or recover the control over it prior to the end of the concession period, said public administration would be obliged to compensate FCC Group for all the profits that FCC Group should have received until the end of the corresponding concession period. However, in most of the concession agreements to which FCC Group is party, in the above-mentioned cases it is only entitled to recover the costs actually incurred or committed, the administration costs and the profits from the work completed up until the termination of the concession agreement.

Depending on the jurisdiction and specific circumstances, the public administration may unilaterally terminate its concession agreement with FCC Group without paying any compensation and, particularly in Spain, FCC Group's capacity to recover the profits is conditional upon whether the event of termination may be attributed to FCC Group or otherwise. Even when compensation is requested, it may be insufficient to cover the damages caused to FCC and, in particular, the loss of profit as a result of the termination of the concession agreement. If FCC Group is not capable of replacing the terminated agreements with others, it could suffer a decline of revenues.

Regardless of the nature and the amount of the compensation owed to FCC Group by virtue of a concession agreement terminated by the corresponding public administration, FCC Group might need to resort to legal action or arbitration proceedings to collect it, which would increase its expenses and delay the collection of the amounts the Group is owed.

Additionally, during the life of a concession, the relevant public administration could unilaterally impose restrictions or amendments of the rate agreed and imposed upon end users.

b) The economic situation has entailed a decline of public administration tax revenues, generating a reduction of the investment in sectors such as concessions or infrastructures

The context of economic instability and financial crisis in Spain and in other countries has entailed a decline in the fiscal revenues of public administrations, which in turn has entailed a reduction of public expenditure in certain areas of activity, including in this respect the concession, infrastructure and construction projects in which FCC Group operates.

Aside from general budgetary considerations, many of FCC Group's clients, including the public administrations, are continuously seeking cost savings and efficiency improvements. These and other factors could lead to our clients reducing their budgets for expenditure in FCC Group products and services, which would negatively affect FCC Group's results and financial position.

c) Certain municipalities could decide to manage the services currently provided by FCC Group

Urban services are affected by the decisions of current or future local governments. In certain cases, said decisions could lead to the municipal management of the services that are currently provided by private companies. In particular, in the case of FCC Group, municipal management could affect the Environmental Services and Water business areas, depriving them of future business.

d) FCC Group's design and construction activities expose it to certain risks, including economic loss and liability for third-party actions

In the Environmental Services, Water and Construction business areas, FCC Group develops 'turnkey' design-construction contracts that are remunerated based on a fixed price. The fact that the price of a 'turnkey' contract may be revised can vary depending on the jurisdiction. For instance, internationally the price of 'turnkey' contracts is not revised. On the other hand, in Spain historically it has been possible to revise the terms of that type of contracts, although over recent years there is increased resistance to review the terms of contracts. In many cases, profits are conditional upon the compliance with the execution goals, such that the non-attainment of those goals entails the imposition of contractual penalties.

These kinds of contracts expose FCC Group to technical, operating and economic risks, and FCC Group cannot ensure that the contractual measures adopted to mitigate these risks will be effective. Also, FCC Group could have to face difficulties that are fully beyond its control, for instance, the complexity of certain infrastructure, weather or economic risks or contingencies in the construction, acquisition and orders of equipment and supplies of goods, or changes in execution deadlines.

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In some cases, FCC Group has to integrate existing information or studies provided by the client into its project planning, even though they may be inexact or incorrect. Also, sometimes the project requires the use of existing infrastructure with deficient operating characteristics. These difficulties and risks may lead to non-compliance with the contractual performance indicators, added expenses, loss of revenue or contractual penalties.

On the other hand, to execute its projects in all of its business areas, particularly in the Water and Construction areas, FCC Group relies on subcontractors and suppliers and FCC Group is generally entitled to make claims if they do not comply with their contracts. However, if a subcontractor or supplier files for bankruptcy or unexpectedly ceases its activity, that non-compliance could cause delays and subject FCC Group to relevant additional costs, which in many cases could not be fully or partially recovered. The evaluation and selection process to which FCC Group submits its potential subcontractors and suppliers might be inadequate for identifying those with unacceptable risk levels.

All of the foregoing could negatively affect FCC Group's results and financial position.

e) FCC Group carries out its activities via long-term contracts that may diminish its capacity to react rapidly and satisfactorily to new unfavourable financial situations

The initial circumstances or conditions in which FCC Group signs a contract may vary over time, and said change may have a negative impact on FCC Group's results and financial situation. These changes vary in nature and might not be easy to predict. FCC Group cannot ensure the effectiveness of certain contractual measures, such as price-indexing clauses, which may be used to face those changes and restore the initial economic balance of the contract. As a consequence, FCC Group may be unable to adapt the remuneration to be collected from those contracts so that it may offset the changes in terms of costs or demand, regardless of whether that remuneration consists of a price paid by the client or a fee imposed upon end users based on an agreed scale.

Said limitations are worsened by the long-term nature of many of FCC Group's contracts. In this type of contracts, particularly in the case of public service management contracts, FCC Group is obliged to ensure the continuation of service, without being able to unilaterally terminate a contract even if considers that it yields no profits, and neither may it change its characteristics, except in certain circumstances, in the event of an evident infringement or breach by the client.

In addition, the new De-indexation of the Spanish Economy Act has amended the system for reviewing prices, rents and monetary securities with the purpose of more appropriately reflecting market information in terms of costs and demand, reducing the effects of persisting inflation and reducing possible price-competitiveness losses. This goal is sought by generally preventing the prices of contracts tendered after 1 April 2015 to be revised according to the Consumer Price Index ("CPI"), which could have a negative impact on FCC Group's business, especially in the Environmental Services Area if every Town Council is free to interpret how to apply the law.

On the other hand, in a negative CPI environment such as the present one there may be negative price revisions that would bring down turnover and hence the profitability of certain contracts tendered before 1 April 2015 or the prices of which are revised according to the CPI.

f) FCC Group's payment capacity is related to the payment capacity if its clients

FCC Group's liquidity risk is mainly attributed to its receivables and is therefore related to the Group's exposure to its clients' credit risk. In this connection, the most relevant risk is that not enough income is generated to be able to meet its payments. This collection risk may in turn be divided into two classes, according to client type: (i) collections from public administrations, mainly in the Environmental Services business area; and (ii) collections from industrial and commercial clients. The risk in relation to public administration clients is mainly that of delayed payments, which may hamper the Group's liquidity. FCC Group cannot ensure that public administrations will continue or increase any type of stimulus packages or that the Spanish government will eliminate or reduce any measures currently in force. However, if the Spanish economy contracts again, there could be a new increase of the payment period for public administrations. On the other hand, the risk with commercial clients is that of delayed payments and, in extreme cases, that they may become insolvent before FCC Group has been able to collect all the amounts owed by that client at the time. Also, expense reductions carried out by FCC Group clients, the fact that fewer construction projects are performed and an increased risk of clients' insolvency are other examples of general risks that FCC Group may experience.

To manage said risk, FCC Group has adopted a number of measures, but it cannot ensure that the measures adopted are the most suitable to protect itself against the possible risks related to trade debts, or that said measures will be able to effectively mitigate the adverse effects of those risks. If clients do not pay the amounts that FCC Group is counting on to meet its financial obligations, or if the payment thereof is delayed, FCC Group would have to find an alternative source of financing. And if it cannot find it, FCC Group would be exposed to the risk of not meeting its payment obligations, which could affect its financial situation.

g) The decline in the acquisition of goods and services or the delay of projects, both in the public and the private sector, may negatively affect FCC Group's results

Current economic conditions have led to a decline in acquisitions of goods and services by public administrations and companies in the private sector. Some of the latter could decide to halt the projects that are currently under development due to the lack of funds, or delay or abandon studies of potential projects until more favourable investment conditions arrive. Although the normal procedure in the private sector is for payment to take place gradually as the work is executed, FCC Group is exposed to losing revenue if the work is delayed.

On the other hand, the financial limitations of public administrations could force some municipalities to reduce their budgets, which in turn could reduce the funds earmarked for the maintenance or renewal of existing infrastructures or it could affect the scope and calendar of projects that are pending. Any resulting public expenditure deficits could have a significant effect on FCC Group's Environmental Services, Water and Construction business areas. Also, the Cement area could be affected indirectly by the reduction of the construction budgets of public administrations. Public expenditure reductions could cause FCC Group to have to assume additional investments to maintain its business operations in the way it had planned (for instance, water treatment facilities might not be renewed in satisfactory terms, i.e., with sufficient funds for the maintenance of those facilities) or to suspend or shut down certain business projects (for instance, if a municipal authority decides to shut down a facility for which FCC Group has the concession, for example a landfill).

h) FCC Group relies on technology to develop its business areas and maintain its competitiveness. If FCC Group does not manage to adapt to technological developments or industry trends, its business could be affected negatively

For the development of its various business areas, FCC Group relies on technology, including, among other aspects, communication systems, infrastructure management systems and systems for material and human resources control. In particular, for the development of certain activities FCC Group may rely on software or other custom-made technologies for which it may be difficult or even impossible to find an alternative supplier. As the number and scope of FCC Group's operations grow, it will be necessary to improve, update and integrate FCC Group's business areas, systems and infrastructures. Accordingly, FCC Group's future success will depend on its capacity to adapt its services and infrastructures to the rapidly evolving trends of its clients and to technology demands. On the other hand, the success that FCC Group has traditionally enjoyed in the development of technological platforms does not guarantee the continuation of that success. If FCC Group is not capable of continuing to develop the technologies it requires to compete and to execute its projects, it could lose market share and revenues compared to its competitors or to new market operators that are capable of implementing the necessary technologies.

Competitiveness in FCC Group's business areas is high and technology advances rapidly. If it is to succeed, FCC Group must develop and continuously improve its technology platforms. If FCC Group does not achieve this, any competitive advantages provided by its technology will most likely decrease in the short or medium term, leaving FCC Group at a disadvantage compared to competitors that are able to advance and improve their technology platforms. Furthermore, even if FCC Group's technological developments are superior to those of its competitors, this still doesn't ensure that it will maintain its competitive advantage.

FCC Group also faces the risk of technological developments arising that could dramatically alter the industry. If FCC Group is unable to adopt those new technologies or to adapt existing technologies to compete in an effective manner, it will be hard or impossible for FCC Group to maintain or improve its position in the markets in which it operates.

In this respect, FCC Group has an active presence in the field of technological research and innovation and dedicates substantial efforts to the continuous training of its staff. Additionally, it has outsourced the management of its IT and telecommunication infrastructures.

Also, FCC Group has implemented a common reporting system, with which it seeks to cover the reporting needs of its individual financial statements, as well as standardising on a systematic basis the process of consolidating the Group's economic and financial reporting.

i) The entities in which FCC Group participates alongside third parties could expose it to risks

FCC Group may develop its business activities in joint ventures with public authorities or private entities through different forms of association (companies, consortia, economic interest groups, joint ventures or similar entities). These types of structures are sometimes a requirement stated in the bidding conditions. Participants in these entities share the operating, economic and financial risks associated to certain very large projects or activities. In some of these associations FCC Group does not have a controlling stake, although it tries to manage the situation through contracts. However, adverse effects for the project, the business, the underlying economic and political situation or in the economic situation of the partners could lead to conflict, and this could negatively affect the performance and, in some cases, could end up in a breakup of the association. Also, if any of the members of the Association files for bankruptcy or if its financial capacity is jeopardised or limited in any other way, FCC Group could be liable for the payments owed by the association or by another partner, on the basis of any related obligation or guarantee, and it might not be able to obtain compensation from the other partner.

To mitigate these risks, the Group selects the partners with which it participates in the different business areas, applying the procedures included in the FCC Group General Rules Manual.

Regarding the risks arising from outsourcing, the outsourcing model established by FCC Group is applied homogeneously, according to that General Rules Manual, where an action protocol is established stating the minimum requirements for Group companies to be able to outsource work under public or private contracts.

Also, the Human Resources Manual defines the work liabilities assumed by FCC Group in cases where it outsources staff for works or services.

j) Some of FCC Group's subsidiaries are controlled by third parties over whom FCC Group exercises no control

FCC Group carries out operations in a number of jurisdictions in which the local regulations restrict or may restrict: (i) foreign shareholders from acquiring a majority stake in companies registered locally or in companies operating in certain sectors, for instance construction; or (ii) the possibility of foreign companies participating in public tenders.

In keeping with the strategy followed by many foreign companies operating in these jurisdictions, FCC Group in some cases has tackled this restriction to foreign ownership by using structures that are commonly used in practise, where the majority of the shares in FCC Group's local business are held by a company registered locally or nationally (depending on the requirements of each jurisdiction), by virtue of a management or similar agreement in the name or on behalf of FCC Group. The remaining minority stake in the capital of the local entity is held by FCC Group via one of its affiliates incorporated locally. Notwithstanding the foregoing, these management agreements may be less effective in terms of controlling and managing local businesses than in cases where FCC Group has a controlling stake.

Also, any ownership structure may be unilaterally questioned in Court in one or more jurisdictions. If such an objection is made regarding the ownership structure of any of the FCC Group affiliates in jurisdictions where restrictions to foreign ownership are applied, it cannot be ensured what criterion will be followed by the Courts when it comes to applying the local laws and policies to said ownership structure. A Court decision against the ownership structure in question could entail the nullity or non-enforceability of the contracts entered into, the amendment of the ownership structure of the businesses in that jurisdiction and penalties being imposed, which could negatively affect FCC Group's results and its financial situation.

k) FCC Group's order-book is subject to adjustments and cancellations of projects, therefore it is not an accurate indication of future revenues

In the Environmental Services and Construction business areas, FCC Group calculates the order-book on any given date as the sum of the contractual values less the amounts of the contracts it has recognised as income. Also, FCC Group calculates the order-book in the Water area based on long-term estimates throughout the duration of the contract, which serve as a basis for contracts with clients and with the rates established in said contracts.

Certain events or unexpected circumstances may negatively affect the amount and calendar of future income generated by the projects based upon which FCC Group's order-book is calculated. These factors may include: project cancellations; reductions or other amendments of terms of projects; more time requirements to complete works; interruptions of the works; and termination of a contract by the client if FCC Group's performance is inadequate.

On the other hand, FCC Group cannot predict the impact that future economic conditions may have on its order-book. In this regard, negative economic conditions may hinder FCC Group's capacity to secure new orders once projects are completed; these circumstances may also lead to the termination, modification or suspension of projects currently included in said order-book. Last of all, in the Water area, the differences between the original estimates and actual billing of water consumption throughout long-term contracts could make the actual income differ from the amounts forecast in the order-book.

FCC Group cannot ensure that its order-book will generate the expected income or cash flows, or that it will generate them in future financial periods. As a consequence, the Group's order-book should be analysed cautiously and should not be taken as a true forecast of future income.

l) FCC Group participates in tender procedures and in regulatory authorisation procedures that may generate significant expenditure with no guarantee of success

FCC Group is awarded a significant number of its contracts in competitive tenders. The tender or negotiation processes prior to the awards of these contracts are often lengthy, costly and complex, and the outcome is uncertain and hard to predict. FCC Group may invest significant resources in a project or tender in which it may not ultimately win the award, meaning that it misses growth opportunities.

The risks and opportunities arising in the tender and contracting process represent one of the major challenges faced by FCC Group. Accordingly, the Group is currently in the process of redefining the specific processes related to risk management in the bidding and contracting stages. The company has formally established policies and procedures that focus on technical quality, technological capacity, economic feasibility and competitiveness of the bids. The process of drawing up, submitting and monitoring bids is subject to different levels of authorisation within the organisation, and the main tasks in this field are allocated to specific departments made up by highly qualified technical staff.

Also, on some occasions FCC Group needs to obtain or renew various legal permits or authorisations. On the other hand, the authorisation processes for environmental activities come up against similar difficulties, and they are often, increasingly over recent years, preceded by complex studies and public consultation. FCC Group might have to abandon certain projects in which, having been awarded the works, it is not capable of generating enough compensation to cover the investment costs, if it does not manage to obtain the necessary permits to develop the activity or if it does not manage to obtain the necessary authorisation from the competition authorities.

All of these aspects may increase the cost of the Group's activities and in some cases it may lead to its abandoning certain projects, which may negatively affect FCC Group's results and financial situation.

m) FCC Group develops its activities in competitive markets

There is intense competition in many of the business areas developed by FCC Group. When seeking new business, FCC Group competes with a number of groups and companies, including large construction groups and engineering companies, which may have more experience or a stronger local presence in the corresponding market than FCC Group. Additionally, these groups and companies may have greater resources, both material and technical or financial resources, and they may require lower returns on their investment and be able to present better technical and economic offers compared to those of FCC Group.

In the Environmental Services, Water and Construction areas, FCC Group competes mainly in domestic and international markets in the areas of large, complex civil works, water infrastructures and distribution and municipal services for solid urban waste collection and street cleaning. Competition in these markets is based mainly on the price, technical experience, delivery time and local presence. In this respect, FCC Group faces the risk that, for certain public tenders related to these areas of activity, competitors may present prices that are technically and economically unrealistic, such that it is not feasible for FCC Group to compete in certain specific scenarios.

In the Cement area, FCC Group competes in the market with cement, concrete and other construction materials. Competition in these markets is based firstly on price and then, to a lesser extent, on quality and service. Also, local presence is an important factor because transport costs are significant. The prices that FCC Group can charge its clients are not substantially different from the prices charged by its competitors in the same markets.

As a consequence, returns in this business area general depend on the level of demand, which is subject to changes as a consequence of market conditions that are beyond the control of FCC Group and of its capacity to control efficiency and operating costs.

n) Public opinion may react negatively to certain FCC Group facilities

FCC Group may have to face adverse public opinion because of its business activities, the growth of existing facilities or the construction of new facilities near towns or inhabited areas. In response to public pressure, governments or the relevant authorities may restrict, amend or rescind FCC Group's current activities, or its future growth plans, reducing FCC Group's capacity to implement its growth strategy.

o) FCC Group uses large volumes of energy in its business, therefore it is exposed to the risk of fluctuations in energy prices

FCC Group, particularly in the Environmental Services, Water and Cement areas, consumes large volumes of energy. The main items of the Group's energy costs are electric power, fuel and the acquisition of raw materials. This means that FCC Group's results are significantly affected by fluctuations in energy prices.

In some of the jurisdictions in which the Group operates, energy prices have risen significantly over recent years and they could vary substantially in the future. Fluctuations in energy prices are mainly caused by market forces and other factors that are beyond the control of FCC Group.

FCC Group cannot ensure that the measures adopted to mitigate inflation risk in the price of energy, which include diversifying fuel sources, using alternative fuels, including provisions in contracts that pass cost increases on to clients and negotiating fixed prices for long-term supply contracts, will be effective to protect itself from variations in energy costs. High energy prices during prolonged periods could substantially increase FCC Group's costs and reduce its margins to the extent that it is not able to adjust the prices of its products to compensate increases in energy prices.

p) Key technical and management staff leaving the company could affect the success of business operations

The success of FCC Group business operations largely depends on key staff with technical and management expertise. Competition with other companies over qualified technical and management staff in the sectors where FCC Group operates is intense. Some of these companies may be able to dedicate greater financial and other resources to hire key staff.

If FCC Group loses part or all of its key staff it might be hard to replace them. If the Group cannot hire and maintain the key staff it needs, it will be more difficult, or maybe impossible, for it to successfully manage its business.

Also, some of the Group's employees have degrees, licences, special certificates and other professional expertise recognised by the public administration. FCC Group may need to employ staff with these qualifications and experience to be a candidate in certain public projects. If FCC Group does not manage to hire and maintain staff with the necessary professional experience and credentials, its capacity to successfully complete current projects and to compete for new ones would be negatively affected.

In relation to the human resources management carried out by FCC Group, it has implemented in Spain and in some of its affiliates training processes, consisting of training plans structured on the basis of programmed periodic training, whether basic or for updating knowledge, or specific training to address concrete needs at any given time. In particular, FCC Group develops training plans for all the staff involved in drawing up the Group's financial statements. This Plan includes permanent updating of the evolution of the business and regulatory environment of the activities developed by the different companies in the Group, as well as updating knowledge of the International Financial Reporting Standards and the regulations and evolution of the financial reporting internal control principles.

q) FCC Group increasingly depends on IT systems

FCC Group increasingly depends on highly sophisticated information technology or IT systems. These IT systems are vulnerable to several issues, such as software or hardware malfunction, piracy, physical damage to vital IT centres (DPC – Data Processing Centres) and computer viruses.

IT systems require regular updates and the Group may not be able to implement the necessary updates at the right time, or said updates may not work as was planned. This updating service is outsourced, with service level agreements established in the contracts to check compliance.

On the other hand, if FCC Group does not protect its operations from cyberattacks it could lose data on clients or projects or any other information that is important for its business performance. Threats are increasingly more sophisticated and FCC Group cannot guarantee that it will be protected from all of them. FCC Group may have to incur significant expenses as a result of failures in its IT systems. FCC Group cannot guarantee that the backup systems to provide high service quality and ensure the continuation of business will be capable of preventing all the threats. Backup copies are outsourced, and service level agreements have been established. If these systems fail or are inadequate, FCC Group might experience important business interruptions and might lose or jeopardise important data.

r) FCC Group is subject to litigation risk

FCC Group is, and may be in the future, a party in civil, criminal, arbitration, administrative, regulatory and other proceedings that may arise in the ordinary course of its business. These proceedings may have to do with claims because of defects in construction projects executed or in services provided, labour, environmental or tax claims. Unfavourable outcomes of such proceedings could represent significant liabilities for FCC Group, such as damages, the cost of cleaning and penalties in the event of spills, discharges or environmental pollution, non-compliance with comprehensive environmental authorisation requirements at its facilities or plants, and they could also interfere in the management of FCC Group's business. Even in the event of a favourable decision for FCC Group, said proceedings may be costly, time-consuming and require lots of attention from management. Also, the liability insurance taken out by FCC Group may not be sufficient, or it may not apply to the claims to which it is exposed. Notwithstanding the foregoing, FCC Group records contingent liability provisions, acting in conformity with the applicable law.

FCC Group is the defendant in certain lawsuits due to liabilities pertaining to several activities in the development of the awarded contracts. The relevant provisions have been recorded and it is expected that the lawsuits will not have an impact on the Group's equity.

In particular, the Group currently has certain ongoing litigation or against companies belonging thereto in relation to the bankruptcy proceedings of Alpine Bau GmbH ("Alpine Bau") and Alpine Holding GmbH ("Alpine Holding"). If the outcome of such litigation is unfavourable, the Group might have to face considerable liabilities. And there is also uncertainty regarding whether other claims will be filed directly against FCC Group, against Alpine Bau or against Alpine Holding, and, if they are filed and the outcome is unfavourable, whether they will negatively affect FCC Group.

s) The industries in which FCC Group operates are closely scrutinised by the competition authorities

In recent years, in various jurisdictions the competition authorities have submitted the business areas in which FCC Group operates, particularly the Cement and Environmental Services areas, to close scrutiny and they have imposed fines on companies because of their involvement in illegal cartels and other anti-competitive practices.

FCC Group cannot predict the outcome of the investigations or legal procedures underway in connection with competition issues. Also, FCC Group cannot guarantee that it will not be investigated in the future by competition authorities.

On the other hand, FCC Group may undergo restrictions in its capacity to carry out acquisitions in certain jurisdictions due to regulations to control business concentrations.

t) If FCC Group does not obtain government approval for its projects, or if it is delayed in obtaining them, its financial situation and results could be affected negatively

FCC Group operates in jurisdictions where its activities may be regulated and subject to authorisations by public authorities. Although FCC Group is subject to these requirements in many of its activities, they especially affect the Environmental Services and Construction areas and, in particular, the activities related to public services. With the purpose of developing and completing a project, the developer may need to obtain permits, licences, certificates and other approvals from the corresponding administrative authorities throughout several stages of the project. The process for obtaining these approvals is often long and complex. FCC Group cannot guarantee that it will obtain the necessary government approvals or the compliance with the conditions required to obtain the approvals or that it is adapted to the new laws, regulations and policies that may enter into force at any given time. If FCC Group does not manage to obtain the corresponding approvals or comply with the conditions for those approvals in certain projects, they could be delayed, FCC Group's reputation among its clients could suffer and its capacity to generate income would be in jeopardy.

u) FCC Group's activities are subject to laws and regulations against bribery and corruption, which affects where and how FCC Group carries out its activities

FCC Group's activities are subject to a number of laws and regulations, such as the Foreign Corrupt Practices Act of 1977 (FCPA) in USA, the Bribery Act 2010 in the UK, the rules enacted by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, anti-corruption laws in other jurisdictions and the Spanish Criminal Code, amended in 2015 by Organic Law 1/2015, of 30 March. This reform carries out a technical improvement in the regulation of the criminal liability of legal persons, introduced in the Spanish legal system by Organic Law 5/2010, of 22 June, with the purpose of adequately specifying the contents of "due control", the infringement of which allows criminal liability to be grounded.

FCC Group has established systems to facilitate compliance with the applicable laws and regulations and has provided its employees with training programmes to facilitate compliance with those rules. As of the date of this Registry Document, FCC Group has not been sanctioned for any breaches of anti-corruption or anti-bribery laws.

Regarding the recent reform of the Criminal Code in relation to the criminal liability of legal entities, FCC Group has drafted a Crime Prevention and Response Manual which has two clearly differentiated parts:

- The first part corresponds to the prevention stage and it consists of identifying and updating the behaviours entailing the risk of committing the offences that might occur in the Group, as well as planning and implementing the controls to mitigate them. To do so, the Group has set up certain bodies and mandatory procedures.
- The second part deals with the bodies and procedures implemented to respond to behaviours which could constitute the committing of a violation within FCC Group, especially behaviour which could be interpreted as illegal.

It cannot be assured, however, that FCC Group policies and procedures are followed at all times, or that they are able to effectively detect and prevent all breaches of the applicable laws and regulations, always identifying every instance of fraud, bribery or corruption in all the jurisdictions where one or more of its employees, advisors, agents, trade partners, contractors, subcontractors or joint venture partners are. As a consequence, FCC Group could suffer sanctions or reputational damage if its employees, consultants, agents, suppliers or partners do not comply with the corresponding anti-corruption or anti-bribery laws.

v) FCC Group may be affected by accidents at its works

FCC Group may be affected in the event there are accidents at the worksites of FCC Group projects, particularly in the Construction Area. These accidents may interfere in the operations and cause delays in project completions, which might in turn entail subsequent delays in payments by clients, as well as potential client claims, who would seek compensation and possibly terminate the contracts. Besides this, FCC Group could be liable for the damages caused in the accidents and it cannot guarantee that its insurance policies will be sufficient to cover these claims.

w) Risks associated to the Environmental Services Area

(i) The landfill business in the UK has been and continues to be exposed to a highly adverse market situation, and things could worsen in the future, with a negative impact on FCC Group

During 2014, the main cause of the impairment of FCC's landfill business in the UK was the application of the European regulations that drastically reduce the waste to be eliminated at landfills, with the introduction and subsequent gradual increase of the Landfill Tax, as well as the institutional support for alternative recycling, treatment and elimination means (mainly incineration) to the detriment of landfills. Also, there has been a reduction of the total volumes of waste generated as a result of the economic crisis.

If the circumstances that generated the current situation continue or worsen and the decline continues, there would be an additional negative impact on FCC's business and accounts.

FCC Group's strategy in this respect in 2016 is to continue to move away from the management of unprofitable landfills that began in 2015, focusing instead on the waste recycling, recovery and treatment activities, with the goal of improving the overall profitability of its operations in the longer term.

(ii) Reductions in waste gathering volumes would cause a reduction of the fees collected

The fees collected by FCC Group under waste gathering service contracts are calculated based on the weight in tonnes of the waste that is gathered. As a consequence, a decrease in waste gathering would necessarily cause a reduction of those fees. The cause of the decrease in the production of waste is the reduction of consumption by individuals, which in turn is caused mainly by general macroeconomic developments.

Despite the fact that in 2015 there was an increase in waste gathering volumes, reductions could occur in the future, and this would have a negative effect on FCC Group's business.

x) Risks associated to the Water Area

(i) Activities in the Water business are sensitive to changes in consumption models

There has been a decline in the volume of drinking water that is supplied in some developed countries, mainly due to the water saving programmes established by public authorities and the industry and due to the extended idea that water is a resource that must be preserved. In Spain, FCC Group estimates that the volume of water bills has declined by approximately 1% per year over the last 15 years. Thus far FCC Group has managed to offset the effect of these reduced volumes by means of production benefits and by negotiating contracts where part of FCC Group's revenues are independent of volumes. If the volume reduction increases those efforts might not be sufficient to fully offset said reduction.

(ii) The Water business is sensitive to weather conditions

FCC Group's results in the water business may be affected by significant changes in weather conditions. Thus exceptional rainfall levels could have a negative impact on FCC Group's results. For instance, in Spain during the 2003-2005 three-year period rainfall was lower than the average for the previous ten years, and 2005 was the driest year since 1947, leading, among other things, to water saving campaigns among consumers and plans to optimise water use in farming. Also, exceptional rainfall levels were the cause of the reduction of water consumption in France in 2007, whereas certain episodes of hot weather generated greater water consumption in 2003 in that country; in 2012, seven water authorities in southern and eastern England imposed the hose pipe ban due to severe drought, which affected 20 million consumers.

(iii) When supplying drinking water FCC Group must ensure that the water is fit for human consumption

The most significant risk associated to the management of drinking water facilities is the supply of water that might cause health issues among end consumers. For instance, if there are any errors in the water treatment process affecting water quality, or if there are any acts of sabotage altering the nature or quality of drinking water, FCC Group could suffer loss of business and revenues, reputational risk, and incur liability and have to pay damages or cleaning costs.

(iv) Contaminated water spills could have a negative impact on FCC Group

FCC Group manages waste water treatment plants and the main risk related to this activity is that of spilling contaminated water due to errors in the management of the facilities. Besides being caused by errors or negligence in facilities management, contaminated water spillages may take place as a result of acts beyond the control of FCC Group, including third-party acts, such as those of industrial users of sewage systems. In the latter case, FCC Group might be liable for damages and have to bear cleaning costs and suffer reputational damage.

y) **Risks related to the Construction Area**

(i) FCC Group is subject to risks related to construction

The time and the costs involved in the execution of FCC Group's construction projects may be affected negatively by several factors, including fluctuations in the costs of construction materials, equipment or labour, accidents, delays in obtaining approval by the relevant authorities, for project management, adverse weather conditions and land in poor condition, construction limitations and other unforeseen circumstances. Any of these factors might delay the complete execution of projects and lead to additional costs and subsequent losses. Delays in project completions could in turn lead to a loss of revenues or termination of contracts, as well as potential claims by clients, who would seek compensation or termination of contracts, and this could negatively affect the results and the financial situation of FCC Group.

(ii) The construction industry is highly cyclical

The construction industry is of a cyclical nature and is significantly dependent on public and private investment. Investment levels in the public and private sectors are in turn related to the general economic conditions. Investment generally increases in times of economic growth and it declines in times of recession. In Spain, in particular, the construction industry has been seriously affected by tough economic conditions over the last few years.

Current economic conditions have led to a sharp reduction in tenders for civil engineering works, including public sector projects in Spain and other OECD countries. Civil engineering investments included in the annual budget of countries where FCC Group is or intends to be present depend mainly on two factors: the budget policies of the corresponding governments and the existing economic conditions at the time.

(iii) FCC Group's construction projects may be delayed or the budget may be exceeded, generating lower profits than expected or even losses

Large-scale construction projects entail certain risks, for instance shortage of materials, machinery and labour or an increase of their costs. If contractors or subcontractors do not comply with the agreed deadlines and budgets and if there are any interruptions due to adverse weather conditions or unexpected technical or environmental difficulties, there could be delays and increases in the construction costs. The contractual liability clauses to which FCC Group might resort to in these situations in respect of contractors and subcontractors might not fully or partially cover the losses, especially in cases of contractor or subcontractor insolvency. If there are delays in the construction, FCC Group may receive the income later than expected and may face penalties and even the termination of the corresponding contract. These factors could increase FCC Group's expenses and reduce its revenues, in particular if FCC Group does not manage to recover those expenses through the operation of its concessions. Delays and cost increases may cause the projects to be less profitable than what FCC Group expects and even generate losses that could be significant. Several factors may prevent FCC Group from withdrawing from those projects, for instance performance bonds or other financial guarantees it may have granted; long-term contracts with local suppliers; local clients and partners that are not willing to withdraw from the project or joint venture, or employment contracts with local personnel. In this regard, on certain occasions it could be more costly for FCC Group to abandon non-profitable projects or projects generating long-term losses than seeing them through to completion.

z) **Risks associated to the Cement Area**

(i) Operations in the cement business are subject to emissions control rules

Cement production requires extremely high temperatures and it consumes important amounts of energy derived from fossil fuels, which in turn increase emissions of greenhouse gases. FCC Group's operations in the cement business in Spain are subject to the Kyoto Protocol. According to Kyoto, companies have a limited number of emission rights at their disposal and must acquire additional rights from other companies that do not use all of the ones they were granted. Considering that the emissions created by cement production cannot be reduced, emission rights must be managed carefully. If FCC Group does not properly monitor its emissions and emission rights it could face penalties and other liabilities.

FCC Group is exposed to the risks inherent to the emissions trading system (ETS) introduced by the European Union in 2005. Phase III of this system, which covers the period from 2013 to 2020, particularly stresses the elimination of the allocation free of charge of emission rights in respect of the generation of electricity, effective as from 1 January 2013, with exceptions for certain European countries, which significantly reduces the free allocation for heat generation. The overall goal is to achieve, by 2020, a 20% reduction of greenhouse gas emissions (compared to 1990 levels).

Regulations on emissions control and the obligation of operating within an ETS expose FCC Group to two risk categories. On the one hand, it might occur that FCC Group produces a higher level of emissions than expected, both for technical reasons and for business related reasons, and this might entail additional costs for the Group. On the other hand, FCC Group might not be able to adjust its price policies so as to pass on the overall impact of the extra cost of acquiring emission rights.

(ii) The construction materials market depends to a great extent on the cyclical nature of the construction industry

The construction material industry depends on the level of activity in the construction sector. The industry goes through cyclical trends and depends on the expenditure level in relation to construction in the residential, commercial premises and infrastructure sectors. Political instability or changes in government policies may also influence the construction industry, which is sensitive to factors such as GDP growth, population increase, interest rates and inflation. The worsening of the economy could lead to recession in the construction industry.

Regulatory and compliance risks

Regulatory or compliance risks are those arising from the breach of requirements and limitations established by Law and by the specific regulations applying to each business sector, as well as the breach of professional obligations or codes of conduct and contractual obligations.

a) The industries in which FCC Group operates are subject to comprehensive regulations which are in turn susceptible of being amended

In the execution of its business operations, FCC Group must respect several laws and local, province, national and international regulations. The laws and regulations applicable to the Group's business vary from one jurisdiction to the next and even between different towns and they may be subject to amendments, which may or may not be favourable. A change in the legal framework could lead to different or more restrictive regulations, and this could be the cause of changes in FCC Group's operating conditions; this could increase FCC Group's capital expenditure (for instance, the requirements for amending the configuration of existing facilities) or its operating expenses (for instance, the implementation of additional inspections and monitoring procedures), affect its results and financial situation or in any other way hinder the Group's development plans. Among these possible new regulations, new tax regulations, such as the one applicable to waste dumping and treatment services, could affect FCC Group's revenues if it is not capable of sharing those increases with end users.

Also, and as an example of regulations that have required FCC Group to adapt its activities, the Landfill Tax in the UK imposes charges according to the type and amount of waste deposited at landfills in an attempt to promote recycling, composting and extraction of value from waste.

FCC Group has implemented procedures that guarantee compliance with the laws regulating each one of the different economic activities developed in the Group. The different specialised departments stay abreast of regulatory changes, advising the Group's units accordingly and issuing standards as needed to standardise the Group's criteria and guarantee compliance with the law.

For activities developed outside Spain, the FCC Group seeks legal advice from local professionals in relation to the specific laws and regulations that affect the Group's business in each country.

b) Past and present activities may expose FCC Group to cost increases and to liability risk, particularly regarding health and environmental risks

The increasingly comprehensive laws and regulations under which FCC Group operates expose it to higher liability risks, particularly in environmental matters. The local, regional, national and EU entities of the countries where the Group operates regulate their activities and establish the applicable environmental regulations. The technical requirements imposed by the environmental regulations are increasingly costly, complex and strict.

These laws may impose strict liability in the event of damages to natural resources or threats to public healthcare and safety. This means that FCC Group may even be liable for assets no longer in its possession and for activities it no longer performs.

Besides this, FCC Group may be obliged to pay penalties, repair damages and perform improvement works even if has carried out its activities with due care and fully complying with operating permits. FCC Group may be considered jointly and severally liable together with other parties. The relevant authorities may impose sanctions and penalties or they may revoke and reject the grant of authorisations and permits based on non-compliance with current regulations.

Some of FCC Group's activities could cause disease, damages and even death, the interruption of the business or damages to the assets or to the environment. The measures established by FCC Group to mitigate these risks, including contractual limitations to the liability of FCC Group, the preventive and protective measures and the insurance policies covering what FCC Group considers its critical operational risks, may be insufficient, which could lead to it incurring substantial costs. A stricter application of the existing regulations, the entry into force of new laws, the discovery of previously unknown sources of contamination or the imposition of new, more demanding requirements may increase costs or impose new liabilities on FCC Group, leading to lower revenues and reducing the liquidity available for its activities.

In addition, by means of contracts for the outsourcing of environmental services, FCC Group companies may develop activities in certain places that are environmentally sensitive and qualifying as 'Seveso sites' with a high or low threshold (or their equivalent abroad) operated by industrial clients, particularly petrochemical industrial facilities. In these cases, the dangerous natures of the products, waste, spillage and emissions treated by FCC Group, as well as the nearness of the facilities that are managed to other potentially dangerous sites, require that FCC Group manage the performance of services with utmost care and expose it to significant potential costs and liabilities in the event of an accident. The regulatory regime governing 'Seveso sites' applies only in the European Union, but FCC Group can also operate at sites outside the EU, for instance the United States, which are subject to comparably strict regulations.

In this respect, FCC Group has implemented environmental management systems in the different business areas, which highlight the following:

a) Compliance with the environmental regulations applicable to the activities of each area.

b) Establishing and achieving continuous improvement targets beyond those required by prevailing legislation or contracts.

c) Minimising environmental impacts through proper operational control.

d) An ongoing analysis of risks and possible improvements.

These management systems have been implemented in the different business areas according to UNE-EN standards and the Group has obtained ISO 14001 certification for its Environmental Management System.

c) FCC Group is subject to significant environmental and hygiene regulations that may be potentially costly

FCC Group incurs and shall continue to incur significant costs and other expenses in order to meet its obligations in the field of the environment, safety and healthcare and to manage its risks regarding hygiene. In particular, these risks are related to water spillages, drinking water quality, waste processing, the contamination of the soil and ground waters and the quality of smoke and gas emissions. FCC Group may be unable to recover this expenditure via higher prices. Environmental laws and regulations are frequently amended, often leaning towards greater strictness. These changes in the laws and regulations may oblige FCC Group to incur expenses or make investments in order to comply.

Legal requirements, including specific precaution and prevention measures, may oblige FCC Group to make investments and incur other expenses to guarantee that the facilities in which it operates comply with the applicable regulations. In cases where there is no investment obligation, FCC Group may have to notify its clients of their obligation to carry out the necessary works. If a client does not comply with these obligations, it could be detrimental for FCC Group as operators and it could negatively affect its reputation and growth capacity. Furthermore, regulatory entities have the power of filing procedures that could lead to the suspension or cancellation of the permits or authorisations that FCC Group has, or to the adoption of preventive measures requiring it to suspend or discontinue certain activities. These measures may be accompanied by penalties and civil or criminal sanctions that could have a significant negative impact on FCC Group's results and on its financial situation.

d) Tax regulations

Within the context of the delegation of powers agreed by the Board of Directors and the Chairperson, as well as the business model established in the FCC General Guidelines and the Financial-Economic Manual, in addition to the specific powers vested in the person responsible for the Tax Division, the functions of this Division include: proposing criteria relative to the Group's tax policies as well as advising on and coordinating their application, with fiscal efficiency, in corporate acquisitions and reorganisation operations and for those presented by the different business areas in connection with their activities.

Additionally, with the purpose of minimising and ensuring reasonable control and suitable information on fiscal risks, FCC has adhered to the Code of Good Tax Practice (a body in which large Spanish companies participate alongside the State Tax Administration), approved at the Foro de Grandes Empresas [Large Enterprises Forum], and it complies with its contents. In compliance with the terms of the Code, the Tax Division reports to the Audit and Control Committee on the Group's tax policies through the General Administration Management.

Since tax payments by FCC Group are a key item that must be considered in achieving the goals set within FCC Group, the tax function is involved in the entire value chain of the Group, from the initial assessment of a given operation or product to the subsequent execution and development thereof. Insofar as FCC Group's fiscal policy must always remain aligned with the Group's corporate principles, its mission and vision and its corporate social responsibility, FCC Group's Fiscal Area works as a strategic partner alongside the business and corporate areas, providing them with the advice they need in a clear, timely and focused manner in respect of any tax matters.

In September 2014 the Fiscal Code of Conduct was approved by FCC Group, which is applicable to all the employees of FCC Group and establishes the obligations that should be met by employees who work in the tax departments, so as to:

a. Follow the applicable tax regulations in each jurisdiction, based on sufficiently reasoned and reasonable interpretations and sufficiently verified facts.

b. Respect FCC Group's "Tax Area Control Framework Regulations", as well as the specific procedures for communication, action and review in the tax area.

c. Ensure that the relevant decisions in the field of taxation are supervised by the Group's senior management and are duly supported, based on a global, integrating approach that takes into account the various business variables and the possible risks that are assumed.

d. Develop and foster a relationship of transparency and mutual trust with the tax authorities of each country.

e. Participate actively in the tax forums of the employer associations and international organisations to which FCC Group belongs, in order to propose specific tax measures geared to attaining a fairer and more harmonised tax system, both for the interests of the Group and for those of society at large.

The goal of the Tax Area Control Framework Regulation is to define: (i) the general policy for managing fiscal risks within FCC Group, in particular the policy on the management of the so-called 'technical fiscal risk'; and (ii) the various responsibilities allocated within the Group in relation to management of tax risk and the identification and reporting of positions representing a technical fiscal risk.

e) Code of Ethics

FCC Group has a Code of Ethics in place that regulates the guiding principles of Group employees' conduct and the relations between Group employees and other stakeholders, and it is obligatory for all the individuals in the Group and for third parties that voluntary accept its application.

The FCC Group Code of Ethics is a tool to guide actions in corporate, environmental and ethical issues of particular importance.

During 2015 a campaign was conducted for adherence to the Code of ethics, whereby employees must declare that they are aware of, understand and assume the principles and guidelines included in the Code. 2,554 adherences were recorded during this period.

Additionally, as part of the Welcome Manual, all new employees are informed of the Code of Ethics and of the obligation of complying with it.

The people in connection with the Code of Ethics, are under the obligation to report any breaches thereof, and for said purpose they can use the established ethical channels and procedures confidentially, in good faith and without fearing retaliation. FCC Group has established a general communication procedure for matters related to the Code of Ethics.

As a result of the incorporation of criminal liability of legal persons to the Spanish Criminal Code in 2010, FCC Group carried out a comprehensive study of the identification of the controls needed to mitigate the risk of employees committing any of the offences or crimes incorporated following the reform. As a result of this process, FCC Group has:

- A catalogue of priority crimes which identifies risk behaviours related to crime, existing control environments, control failures, risk holders and controllers, risk materialisation indicators. The fundamental goal is to prevent any crimes related to the legal person from being committed, reducing the probability of occurrence.
- A Crime Prevention and Response Manual defining the response protocols when a crime is committed, establishing the Response Committee and structuring the Whistleblowing Channel.

In addition, and in response to the reform of the Spanish Criminal Code approved in July 2015, the General Internal Auditing and Risk Management Department has been working on strictly monitoring the evolution of the amendments contemplated in the reform and their repercussion on legal persons, with the purpose of adapting the Criminal Compliance Risk Map and improving FCC Group's control environment in light of the possible occurrence of offences or crimes. The following aspects have been analysed, among others:

– The changes it represents in respect of the liabilities of senior management, administrators and directors, in keeping with the reform of the Capital Companies Act.

– The growing importance of Compliance Programmes within the organisation and the consideration that the legal person and the administrators may be exempted from criminal liability due to the existence of those systems, if their efficacy is proven by an autonomous body within the organisation that is entrusted with the function of supervising the control environment.

– The need of supervising, monitoring and controlling these programmes by a body with autonomous powers to take the initiative and control the reviewed unit.

– The new types of offence or crime from which liability arises for the legal person.

– The extraterritorial nature of some types of offence or crime.

Accordingly, the Crime Prevention and Response Manual is being reviewed with the following goals:

– Adaptation to new international rules and standards on Governance, Risk and Compliance.

– Incorporation of new requirements based on the Reform of the Criminal Code.

– Adaptation to FCC Group's organisational model and the redefinition of functions.

– Incorporation of the entry into production of the Complaints Management System.

Considering the changes mentioned above, around the end of 2015 FCC Group's Internal Audit Committee established a work group for the project of updating the Group's new Code of Ethics and Conduct, with the participation of the General Internal Auditing and Risk Management Department, the General Organisation Department and the Secretary General. FCC Group considers that only the strict observance of this type of regulations may prevent substantial legal and economic risks for the organisation and all the parties involved: clients, suppliers, shareholders and society (protecting people and the environment). Only in this way will our economic activities continue to be socially accepted and we will be able to increase the value of the company in a long-lasting manner. This project considers the following, among other aspects:

- the adoption of the latest best practice established by various national and international agencies,
- the incorporation of conducts that employees must identify as prohibited and as risk conducts that when carried out may entail the commitment of offences or crimes from which criminal liability may arise for the legal person,
- the establishment of a new training and communication plan at all levels of the organisation,
- the establishment of new acceptance mechanisms and periodic compliance commitments by the risk holders and controllers identified in the risk maps,
- the establishment of specific liabilities for compliance with the Code of Ethics in respect of:
  - Board of Directors, senior management and specific committees.
  - Senior executives.
  - Middle managers and other employees.
  - Suppliers .
  - Other persons or groups involved.
- the establishment of a compliance structure:
  - Preventive: the regulatory compliance function and the compliance committees in the business units.
  - Detection: Response Committee and Whistleblowing channel.

f) Internal Control over Financial Reporting (ICFR)

Listed companies have the obligation of including, in their Annual Corporate Governance Report (IACG), information on the description of its Financial Reporting Internal Control System (FRICS). Also, the Audit Committees of publicly listed companies have assumed new internal control responsibilities.

In this regard and in connection with the good practices proposed in the report published by the CNMV (Spanish Securities Market Commission), FCC Group has prepared a FRICS Report for 2015 which is part of the Annual Corporate Governance Report and it has been subject to an external audit.

g) Personal data protection systems

The processing of personal data, mainly to comply with the Personal Data Protection Act (LOPD), is specifically regulated in the environments in which FCC operates. To manage the risk of non-compliance, there is a programme that measures the impact on each business area and then establishes the necessary controls. This programme defines the legal, organisational and technical controls in each case. Additionally, there is a tool documenting the audits and the events related to the LOPD.

h) Quality assurance systems

FCC Group has, in all of its business areas, quality management systems that are formally implemented and deeply rooted in the organisation, which has allowed it to obtain the organisation's Certificate of the Quality Management System, according to the UNE-EN ISO 9001 standard, and successfully pass the auditing appraisals done from time to time by external professionals.

The quality control committees in the different areas of the Group are the supreme executive bodies with the authority to establish guidelines, oversee compliance and review systems.

i) Information security systems

FCC Group has an operating unit entrusted with analysing and mitigating the factors relating to a security issues, such as intrusion, attacks, etc.

For each new project implying decisive changes in FCC Group's reporting systems, an analysis is carried out of the existing risks in order to identify the specific threats and define the adequate countermeasures. With regard to information processing risk, FCC Group has established a Corporate Information Security Policy laying down common information management criteria to mitigate those risks which could affect the confidentiality, availability and integrity of information. These criteria are based on the internationals standards of the International Standardisation Organisation (ISO) set out in the ISO 27000 family standards.

As a consequence of the above-mentioned policy, the Company has a Code on the use of technological resources and different action protocols for the management of incidents related to the use thereof. Controls have been implemented to guarantee user access to the resources for which they are authorised based on their need to know and their assigned roles.

FCC Group has a monitoring system known as 'Data Leak Prevention' to detect and prevent the risk of classified data leaks through information systems.

FCC Group has a Security Operation Centre (SOC) that operates 24/7 to address the growing threat of attacks from the Internet and possible information leaks.

j) Occupational risks

A priority goal for FCC Group is to carry out its activities with a high level of health and safety for its entire staff, as well as strictly complying with the legal regulations on this subject, as shown by the Occupational Risk Prevention Policy approved by the Board of Directors. To achieve this, occupational risk prevention systems have been implemented in all business areas and the Group companies was awarded OHSAS 18001 certification, successfully passing the periodic assessment audits conducted by external professionals.

As a guarantee of homogeneity and as an instrument of global management and adaptation to the organisation's standards on this subject, FCC Group has a Corporate Manual on Occupational Health and Safety that entered into force in 2012, the guidelines of which are being incorporated to the management systems that are implemented. This is aimed at permanently reducing occupational accidents with an objective of 'Zero Accidents'.

The certification of the occupational risk prevention management systems has been incorporated as a global strategic objective in Human Resources.

Financial risks

The concept of financial risk refers to the variations, due to political, market and other factors, in the financial instruments contracted by FCC Group and their repercussion on the financial statements. FCC Group's risk management approach is consistent with its business strategy, seeking the maximum efficiency and solvency at all times, for which purpose it has established strict criteria for the control and management of financial risks, consisting of identifying, measuring, analysing and controlling the risks incurred in FCC Group's operations, and the risk policy is appropriately integrated within the Group's organisation.

Given the Group's activities and the operations through which it executes these activities, it is currently exposed to the following financial risks:

a) Capital risk

For capital management purposes, FCC Group controls its equity, both in the Group and in its parent company, FCC, S.A.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent it from monitoring the equity from time to time to guarantee a financial structure based on compliance with the regulations in force in the countries in which it operates, also analysing the capital structure of each one of the affiliates in order to allow a satisfactory distribution between debt and capital.

Proof of the above is shown by the capital increase carried out at the end of 2014 and the recently announced capital increase, both aiming to strengthen the Company's capital structure.

The permanent analysis of this capital is done for the major goal of maximising returns for shareholders.

The General Finance Department, which is responsible for managing financial risks, reviews from time to time the financial debt ratio and the compliance with the financing covenants, as well as the capital structure of the affiliates.

b) FCC Group is exposed to foreign exchange risk

A noteworthy consequence of FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

Although the basic currency in which FCC Group fundamentally operates is the euro, FCC Group also has financial assets and liabilities booked in other currencies besides the euro. The exchange rate risk lies mainly in debt denominated in a foreign currency, in investments in international markets and in collections made in currencies other than the euro.

FCC Group's general policy is to reduce, to the extent possible, the negative effect that the exposure to different currencies has on its financial statements, both in transactions and in equity-related movements. Because of this, FCC Group manages the exchange rate risks that may affect both the balance sheet and the income statement.

However, any important fluctuations in the value of these currencies against the euro could entail negative effects for FCC Group's business, financial position and results.

c) FCC Group is exposed to interest rate risk

FCC Group is exposed to the risk arising from variations in interest rates because the Group's financial policy seeks to guarantee that its current financial assets and its debt are partially linked to variable interest rates. The reference interest rate of FCC Group's debt with credit entities contracted in euros is basically the Euribor.

A hike in interest rates could cause an increase of FCC Group's finance costs linked to its borrowing associated to variable interest rates and it could also increase the cost of refinancing FCC Group's borrowing and the issuance of new debt.

With the purpose of being in the most suitable position for the interests of FCC Group, an active interest rate risk management policy is followed, continuously monitoring the market and taking different positions mainly according to the assets that are financed.

d) Solvency risk

The most representative ratio to measure the solvency and capacity to pay back debt is: Net debt/EBITDA.

e) FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors requiring a high level of financing; thus far it has obtained adequate financing for its operations. However, FCC Group cannot guarantee that the circumstances regarding how it obtains financing will continue in the future.

FCC Group's capacity to obtain financing depends on many factors, many of which are beyond its reach, such as overall economic conditions, the availability of funds at financial institutions and the monetary policy of the markets where FCC Group operates. Adverse effects in debt and capital markets may hinder or prevent FCC Group from obtaining adequate financing to develop its activities.

Aside from seeking new sources of financing, FCC Group may need to refinance part of its existing debt via bank loans and debt issuance due to the fact that an important part of FCC Group's financing becomes due in 2018. Historically, FCC Group has always been capable of renewing its loan agreements and expects to continue to do so over the next 12 months. However, its capacity to renew its loan agreements depends on several factors, many of which do not depend on FCC Group, such as general market conditions, the availability of funds for loans by private investors and financial institutions and the monetary policy of the markets where FCC Group operates. Negative conditions in debt markets could hinder or prevent FCC Group from renewing its financing. Therefore, FCC Group cannot guarantee that it will have the capacity to renew the loan agreements in economically attractive terms. The inability to renew those loans or to ensure adequate financing under acceptable terms could have a negative impact on FCC Group's liquidity and on its capacity to meet working capital requirements.

To properly manage this risk, FCC monitors the maturity dates on all the policies and financing agreements of all Group companies very closely, in order to negotiate the renewals in a timely manner under the best conditions the market has to offer; analysing for each case the suitability of the financing and studying other alternatives should the conditions be unfavourable. In order to mitigate liquidity risk, the FCC Group is present in various markets, to enable to it obtain financing facilities.

On 17 December 2015 the Board of Directors resolved to carry out a new capital increase, which had been approved by the General Meeting in June 2015. The goal of this increase is to reinforce the Company's equity structure and to reduce its debt level.

f) Concentration risk

This risk arises from the concentration of financing transactions with common characteristics and is broken down as follows:

- **Sources of financing:** In order to diversify this risk, FCC Group works with a great number of domestic and international financial institutions to obtain financing.
- **Markets/Territory (Spain, abroad):** FCC Group operates in a wide variety of markets in Spain and other countries; the Group's debt is denominated primarily in euros and the remainder in different international markets with other currencies.
- **Products:** FCC Group uses diverse financial products: loans, credit facilities, debentures, syndicated operations, assignments, discounts, etc.
- **Currency:** FCC Group finances its operations using a number of different currencies depending on the country where the investment is being made.

FCC Group's strategic planning process identifies the objectives to be reached in each of the areas of activity according to the improvements that are to be implemented, the market opportunities and the risk level that is considered acceptable. On the basis of this process, the Group designs operating plans specifying the targets to be achieved each year.

In order to mitigate the market risks inherent to each business line, the Group maintains a diversified position across activities related to construction and infrastructure management, provision of environmental services, energy and others. In the field of geographic diversification, in 2015 foreign activity accounted for 47% of total sales, and it was particularly important in the Group's most significant areas, infrastructure construction and environmental services.

g) Credit risk

Rendering services to or accepting orders from clients whose financial soundness is not guaranteed at the time of acceptance or which cannot be evaluated by FCC Group, as well as situations that may occur during the rendering of the service or fulfilment of the order that can affect a client's financial situation, can give rise to the risk of outstanding balances not being paid.

The Group takes care of requesting trade reports and assessing the financial solvency of customers prior to entering into contracts and it also monitors them permanently, with a procedure already enabled in the event of insolvency. For public sector clients, FCC Group has a policy of not accepting work that does not have an assigned budget and prior financial approval. Proposals for work that exceed a particular payment deadline must be authorised by the Director of Finance. Defaults are also monitored continuously with specific agencies such as Risk Committees.

h) Risk-hedging financial derivatives

In general, the financial derivatives contracted by FCC Group are accounted for according to the regulations on accounting hedges established in the Notes to the annual financial statements. The main financial risk hedged by the FCC Group using derivatives is the variability of the floating interest rates to which the various FCC Group companies' borrowings are indexed. The valuation of the financial derivatives is carried out using generally accepted methods and techniques by experts in the field that are independent from the Group and from its financing entities.

Reporting risks

a) Organisational and corporate complexity

Given FCC Group's organisational and corporate complexity, there could be a risk of inadequate comprehensive information reporting within the organisation.

The fact of not reporting adequately on the achievement of strategic goals by identifying critical risks that have materialised, regarding which Management could still carry out specific action plans to correct negative deviations to achieve such goals could entail significant deviation in terms of compliance with the FCC Group strategy.

Also, the identification of key performance indicators for business, in relation to compliance with the goals of each business unit, would make it possible to make decisions before there are any deviations in relation to the quality of the financial information that is reported.

Accordingly, and as part of the implementation process of the Integrated Risk Management Model, the Group is working on improving the existing information flow in respect of compliance with the Group's strategy according to the identification and evaluation of the risks hindering the achievement of the goals of each of the business units in FCC Group and the identification of the adequate KPIs for those goals.

b) Reputation management / Corporate governance

Reputation management is part of FCC Group's Code of Ethics and of the work developed in matters related to Corporate Responsibility and Ethics. Social responsibility policies are an inherent part of FCC Group, for which conducting business requires a comprehensive commitment to the society it is part of.

E.4 Identify whether the company has a risk tolerance level, including tax risk.

As the basis for the implementation process of the Integrated Risk Management Model that the Group is currently working on, the accepted risk levels shall be established for each Business Unit.

For risks exceeding the accepted risk for each sector of activity, the necessary action plans are established with corrective measures to keep their critical levels within the accepted risk area. These action plans include the necessary actions to reinforce existing controls and they may even incorporate new controls.

E.5 State what risks, including tax risks, materialised during the year.

- **Risk that materialised in the year:** Limitations on access and refinancing in financial markets.

  Underlying circumstances:

  The current financial and economic crisis has caused difficulties in terms of access to financing sources for the Group, as well as for refinancing existing loans in the best possible conditions, with the subsequent negative effect on the Group's financial statements.

  How the control systems operated and response plans:

  After presenting the new Strategic Plan on 20 March 2013, the Company embarked on a global refinancing process involving all of the parent company's syndicated loans and a significant part of the bilateral financing, which contemplates obtaining liquidity lines and extending the current maturities.

  With the entry into force of the refinancing and the capital increase in the year 2014, plus the announcement of the new capital increase that will take place in 2016, the Group considers that it will be able to finance its activities.

- **Risk that materialised in the year:** Adaptation of FCC Group's personnel to planned operations/flexibility of personnel costs.

  Underlying circumstances:

  The current financial and economic crisis has caused a decline in the Group's turnover, equally affecting the rest of the operators in the market. This circumstance has led to a loss of efficiency per production unit, which has been shown on the Group's financial statements over the last few years.

  How the control systems operated and response plans:

  Over the last few years FCC Group has adjusted its Group structure to current demand in the market, via several staff restructuring measures, and it managed to effectively adjust the headcount to the expected production requirements. These adjustments have continued in 2015, which has led to production efficiency improvements that will be more evident in the future.

- **Risk that materialised in the year:** Reprogramming of construction works.

  Underlying circumstances:

  The current financial and economic crisis has caused a delay in public-sector investment, leading to reprogramming of several construction works in Spain and abroad, with substantial effects on the outcome thereof due to clients' non-fulfilment of their commitments and FCC Group's continuous efforts to meet those commitments.

How the control systems operated and response plans:

In this situation, FCC Group carried out several actions to optimise the costs to a maximum at each of the facilities, in an effort to adapt to the new deadline commitments, claiming whatever was required from each one of the clients in every case. On the other hand, our trade relationship with our clients made it possible to reach an understanding.

- **Risk that materialised in the year:** Delayed payments by certain public-sector clients for the provision of urban environmental services and for construction works executed in Spain.

  Underlying circumstances:

  Both the entry into force of the Organic Law on the control of trade debts in the Public Sector, so that invoices are paid meeting the legal payment terms, and the new financing plan, allowing the Group to pay suppliers and cancel due liabilities yet to be paid, made it possible to bring down the effects of this risk.

  How the control systems operated and response plans:

  The permanent monitoring and control committees remain in place in order to minimise the volume of generated assets, thereby reducing the associated financial cost and consolidating the gradual reduction in the future. All of this has allowed a substantial reduction of the average payment period by those clients in Spain during 2015.

- **Risk that materialised in the year:** Cut-backs in investments forecast by Public Administration agencies.

  Underlying circumstances:

  As a consequence of the current economic and financial crisis, there have been cuts and investment restrictions for the construction of infrastructures in Spain.

  Budget adjustments required due to the implementation of the Budget Stability Act have led to reviews of services rendered to levels sustainable according to clients' budget availability.

  This has also led to a lower demand for cement, with a significant decline of sales and EBITDA, although over the last few months' demand seems to be increasing.

  How the control systems operated and response plans:

  This situation has been mitigated by selective increased presence abroad and by incorporating new contracts, focusing on a few select territories and complex civil works with high added value, with a growth of the portfolio of works abroad.

  The continuing sales relationship with clients involved has allowed for the modulation of the services rendered without losing orders, and market share in Spain has been maintained.

  Also, a new restructuring plan was implemented in 2015 in the cement area that is managing to adjust the operating and production capacity.

- **Risk that materialised in the year:** Country risk. Existence of certain unstable geographic markets.

  Underlying circumstances:

  The existence of certain unstable geographic markets in which FCC Group operated led to an ongoing re-planning of works abroad, with a negative impact on the Group's financial statements.

  How the control systems operated and response plans:

  During the last few years FCC Group has been developing a thorough strategic, operational and financial reorganisation in the markets where these risks materialised, aimed at mitigating those risks.

  In this way and as part of the Group's strategy that started in 2013, a selective increase of the Group's presence abroad is being carried out, incorporating new contracts and focusing on a few select territories and in complex civil works with high added value.

- **Risk that materialised in the year:** General decline of activity.

  Underlying circumstances:

  The current financial and economic crisis has caused a widespread decline of economic activity, which has reduced the turnover but has not affected the market share in the sectors where the Group operates.

  How the control systems operated and response plans:

  In light of this situation, FCC Group took several measures to adapt its production capacity to the market situation, getting ahead of possible greater adverse effects on its financial statements. These measures had to do with personnel and with the restructuring of assets and divestments.

- **Risk that materialised in the year:** Impairment of intangible assets.

  Underlying circumstances:

  The current financial and economic crisis has caused a loss of value of some of FCC Group's investments.

  How the control systems operated and response plans:

  FCC Group recognised in the last few years' significant impairments of certain goodwill, adapting the Group's assets to its true recovery capacity.

- **Risk that materialised in the year:** Delays in the approval of dossiers.

  Underlying circumstances:

  The acceptance of the amendments requested by clients during the provision of services or the execution of works that cannot have the relevant budget item approved, together with the current financial and economic crisis, have caused an increase in the delay in the approval of dossiers.

  How the control systems operated and response plans:

  In light of this situation, FCC Group is permanently monitoring the dossiers and contacts with every client to solve any doubts that may arise. For public sector clients, FCC Group has a policy of not accepting work that does not have an assigned budget and prior economic approval. Proposals for work that exceed a particular payment deadline must be authorised by the Director of Finance. There is also a permanent monitoring of defaults.

- **Risk that materialised in the year:** Delays in the new contracts that are scheduled.

  Underlying circumstances:

  The current economic crisis, the changes in local administrations and strong competition, especially in the service sector, have led to delays in the commencement of the provisions of some previously awarded services, causing slight adjustments in future forecasts.

  How the control systems operated and response plans:

  FCC Group monitors and analyses the contracts involved on an individual basis, adjusting its forecasts wherever necessary.

E.6 Explain the response and monitoring plans for the Company's main risks, including tax risks.

One of the major risks for FCC Group over recent years is the inherent risk related to the construction business both in Spain and abroad. In this respect the response plans established by the Group are continuing this year and they are part of a global restructuring process for the construction business. They were as follows:

- National construction: adjustments of the production means to the actual needs of the market, preventing the impairment of returns:
  - Adaptation of headcount to the current market situation.
  - Reduction of the sales structure, adapting it to the current market situation.
- International construction: returns are boosted by focusing on specific territories, selecting the most profitable works and markets, as well as building up the industrial business in select territories. In addition to this, just like in Spain, the sales structure is being reduced, adapting it to the current market situation.

Regarding the risks affecting the Environmental business unit:

- Headcount for the contracts have been fully adapted to the new service requirements.
- With the completion of the last supplier payment plan, low and stable trade debt levels have been attained and it is even expected that they may be improved with the entry into operation of the electronic invoice and the entry into force of Royal Decree 635/2014, developing the method for calculating the average payment terms of public administrations to suppliers and the conditions and procedure for retaining funds from financing systems.
- Local administration and town council budgets have stabilised, which will undoubtedly enhance the stability of the contracted services. Further cuts are no longer expected.
- Improvements are expected in terms of the decline in consumption due to the slight recovery of the economy, which will prevent loss of business in waste collection contracts where the fee is established according to the volume of waste that is generated—this is directly linked to consumption.
- In relation to the risk of delays in the approval of dossiers and successive regulatory changes in respect of price revisions, the Group is permanently monitoring the dossiers and contacting each client to solve any doubts that may arise.

In relation to the risks that have affected the Water business unit:

- In order to mitigate the potential stagnation of the domestic market, steps have been taken in order to intensify our presence in the international market, to which end the target markets have been identified and human resources have been restructured (support, sales development and production staff) according to the needs of the identified markets. The selected target markets try to mitigate the problems that have arisen in connection with social opposition to the privatisation of the management of municipal water services, aside from valuing the competitive advantages, basically as a result of FCC Aqualia's capacity to cover all the activities included in the integrated water cycle (design, construction, maintenance and operation).

  In addition, technology development lines have been strengthened through the R&D+innovation Department in the areas of sustainability, quality and smart management, with the goal of improving the Company's competitiveness in the local and international markets.

  At the same time, the presence in Spain of (domestic and international) employers' organisations and media has been strengthened in order to communicate the (technical and economic) advantages of having a private-sector company take part in water management.

- With the goal of not worsening the returns on our projects, in terms of sales, the new offer criteria require greater safety margins in terms of guaranteeing the project's IRR. In this respect, projections of annual demand, both in terms of provisions and population serviced, are considered as having a flat growth rate.

  As far as costs are concerned, the following initiatives have been implemented, among others:

  – Cost-reduction programme in the supply of electric power, including a revision of contracting conditions, implementation of a new software application and of new developments generated by the R&D&I Department.

  – Programme to reduce absenteeism by implementing a software application and developing preventive culture projects and the occupational Health Charter. At the same time there will be a revision of hiring methods and of the production structure domestically.

  – Programme to optimise operations by establishing central warehouses, reducing materials left in deposit and costly parts with low turnover rates.

  – Programme to reduce the cost of managing the fleet of vehicles by implementing a software solution contemplating geolocation and control of the associated maintenance costs.

- With the goal of mitigating possible risks in the operation of water supplies for human consumption, work has commenced to identify critical infrastructures according to the criteria established by the Public Administration, in collaboration with the Spanish Water Operators Business Association.

There is a programme to restructure the activity of accredited and certified laboratories in quality control of water, adapting their performance to the new demands of EU directives, optimising the equipment replacement investments and increasing the capacity to conduct analyses.

Additionally, and with a bearing on all the areas in FCC Group:

- FCC Group is in the midst of a process to improve the Integrated Risk Management Model that will allow it, once it is fully operative, to react in anticipation of the materialisation of major risks, mitigating their effect. This model will make it possible to establish specific response plans whenever there are foreseeable deviations in the compliance with the strategy, classified by risk materialised, studying the cause of the materialisation of each one of the risks and the existing control environment in each case. This process is being coordinated by FCC Group's General Internal Auditing and Risk Management.

The remaining response plans carried out by FCC Group for each of the risks materialised in 2015 are set out in the preceding section E 5.

F. Internal Control and Risk Management Systems in Relation to the Financial Reporting Process (ICFR)

Describe the mechanisms in the control and risk management systems in relation to the financial reporting process (ICFR) at your company.

F.1 The Company's control environment

Disclose, identifying the main characteristics, of at least:

F.1.1 The agencies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) the implementation thereof; and (iii) supervision thereof.

On 7 October 2015 FCC Group's Board of Directors approved its new Rules of the Board of Directors, adapting them to the new regulatory environment and best practices. This has changed the responsibilities of the Board and of its Committees.

The agencies and functions that are responsible within FCC Group for the existence, maintenance, implementation and supervision of an adequate and effective ICFR, and the responsibilities attributed to these agencies, are the following:

Board of Directors

As set out in article 8 of the Rules of the Board of Directors of FCC, S.A., the Board is ultimately responsible for the approval of the Company's general policies and strategies and, in particular, for the risk management and control policy, identifying the main risks of the Company and implementing and monitoring the suitable internal control and reporting systems, with the purpose of ensuring its future feasibility and competitiveness by adopting the most relevant decisions for the better development thereof.

During the year 2015 the renewal of the Board of Directors was completed, following the capital increase carried out in November 2014. The Board is composed of a total of eleven members, three Independent and eight Proprietary Directors.

Executive Committee

As set out in article 36 of the Rules of the Board of Directors of FCC, S.A, the Board may permanently delegate to the Executive Committee all of the powers pertaining to the former, except those which are reserved to the Board by the Law, the Bylaws or the Rules of the Board of Directors. Like the plenary Board, the Committee ensures that FCC Group's organisation structure, planning systems and management processes are designed to deal effectively with the different risks to which its business is exposed.

The Board of Directors designates the Directors that are to form part of the Executive Committee, ensuring that its structure is similar to that of the Board itself in terms of the various categories of Directors. In the year 2015 the Committee was made up of four proprietary directors and the held meetings on seven occasions. The functioning of the Executive Committee is determined in article 36 of the Bylaws of FCC.

Audit and Control Committee

The new Rules of the Board of Directors of FCC, S.A. establish, in article 37, that the Board of Directors of FCC Group will set up a permanent Audit and Control Committee, without executive duties and with powers to inform, advise and make proposals within its scope of activity. The Committee will comprise a minimum of three and a maximum of six Directors, appointed by the Board of Directors, taking into account their knowledge and experience in the field of accounting, auditing or risk management. All members will be non-executive Directors and the majority of them independent, and the Committee will name a Chairperson among the independent directors, and they may also choose a Vice-Chairperson. During 2015 the Audit and Control Committee was made up by five Directors, three of them being independent, including the new Chairperson, and two proprietary directors. The Committee met eight times.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors, among others. In particular, notwithstanding other tasks that the Board of Directors may entrust to the Audit and Control Committee, it will be responsible for:

- Supervising the Company's internal audits that overseeing the good operation of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.
- Supervising and analysing the efficacy of the Company's internal control and the risk control and management policy approved by the Board of Directors, ensuring that the latter at least identifies:
  - The different types of risks that the Company faces, including, among the financial and economic risks, contingent liabilities and other off-balance sheet risks.
  - Establishing the risk level that the Company deems acceptable.
  - The measures provided to mitigate the impact of the identified risks in the event they materialise. And
  - The reporting and internal control systems that will be used to control and manage said risks, including contingent liabilities and off-balance sheet risks, submitting them to the Board of Directors for their approval.
- Supervising the process of preparing and submitting the individual and consolidated financial statements and management reports, and the financial reports disclosed to the markets from time to time, ensuring the compliance with the legal requirements and the proper application of generally accepted accounting principles, informing the Board of Directors about:
  - The financial reports which the Company, owing to its listed status, must disclose from time to time, ensuring that the interim financial statements are drawn up with the same accounting criteria as annual financial statements and, for such purpose, it must consider whether a limited review by the Company's external auditor is appropriate.
  - The creation or acquisition of holdings in special purpose entities or entities domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, owing to their complexity, might detract from the transparency of FCC Group.

- With respect to internal control and reporting systems:
  - Supervising the process of preparing, and the integrity of, the financial reports referring to the Company and, as the case may be, the Group, reviewing the compliance with the regulatory requirements, the adequate delimitation of the scope of the consolidated group and the correct application of the accounting criteria.
  - Supervising from time to time the internal control and risk management systems, including tax risks, so that the main risks are identified, managed and adequately disclosed, as well as receiving information from time to time from the Response Committee and the Risk Control and Management Department on the development of its activities and the functioning of internal controls, monitoring the risk maps and the action plans that are necessary to mitigate the most relevant risks that are identified, among which are those arising from the internal control of financial reporting.
  - Monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-appointment and removal of the head of internal audit; proposing the department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the conclusions and recommendations of its reports.

Management Committee

There is a Management Committee for each business unit.

General Administration and Finance Department

In February 2015, as part of the restructuring of FCC Group, the General Administration and General Finance Departments were joined together, forming the General Administration and Finance Department and a new general manager was appointed for the unified department. The details and description of this person's functions are the following, by way of illustration only:

- Coordinating the administration of the different areas, establishing the administrative processes and procedures generally applied in the Group and promoting the uniform application of the accounting and tax policies.
- Defining and issuing the accounting standards applied in the Group.
- Drawing up and supervising the consolidated accounts and management reporting.
- Performing the accounting and tax management of FCC, S.A. and its subsidiaries that are not allocated to the operating areas.
- Drawing up the Group's consolidated financial statements.
- Defining and publishing the tax criteria that are generally applied to FCC Group, both individually and at the consolidated group level.
- Advising the different areas in tax matters and taking part in solving any matters brought up by them.
- Preparing the Tax Group's consolidated corporate income tax statement.
- Designing and publishing the procedures, documents and software applications generally used in FCC Group, for accounting and tax purposes.
- Advising the different areas in terms of procedures and taking part in solving any matters brought up by them.
- Coordinating the divisions of the Administration area of the Group's Central Services.
- Centralised financial management of the Group's activities, managing the Group's debt and financial risks, optimising the cash and financial asset management, the financial control and management of the Group, relations with investors, the Stock Exchange and the CNMV, analysing and financing investments, monitoring and controlling bonds, guarantees and insurance.
- Coordinating the administration in the operational and functional areas, establishing the administrative processes and procedures to be applied generally within the Group and promoting the uniform implementation of the accounting and fiscal policies.

During 2015 there was an internal reorganisation of the General Finance Dept, whereby:

- The Models and Valuations area was established, reporting directly to the Managing Director of Finance, as a consequence of the unification and homogeneity of reporting for analysing and valuing projects, both those in the order book and those under development, for which the Group departments wish to submit bids in order to trace and ensure the financing thereof.

- Cash and Financial Control make up a new area, spinning off from the Domestic Financing area and assuming the following basic responsibilities: preparing the Group's cash budget, drawing up the financial reports resulting from the Group's balance sheet and its financial transactions, monitoring both the debt and the business contributed to the various financial entities with which Group companies work, and controlling fund contributions to joint ventures (UTE).
- Since July 2015, the Management Control Dept. is ascribed to the General Administration and Finance Department. This department includes the functions of Management Control, Budget and Financial Planning Control, which is in charge of the following: (i) coordination and preparation of the annual budget; (ii) definition and implementation of various scorecards and key indicators to support the Group Management in its decision-making; and (iii) review and validation from time to time of the contract portfolio and the current offers to ensure that, in both cases, the criteria established by the Executive Committee in terms of margin, cash generation, return on investment and risks are fulfilled.

General Internal Auditing and Risk Management Department

The purpose of the General Internal Auditing and Risk Management Department is to provide the Board of Directors, via the Audit and Control Committee, and the Senior Executives of FCC Group, with whom it actively collaborates, with the effective supervision of the Internal Control System, by exercising a unique and independent supervision function aligned with professional standards, contributing to Good Corporate Governance, verifying the proper compliance with applicable regulations, both internal and external, and reducing to reasonable levels the possible impact of the risks attached to achieving FCC Group's objectives (additional information included in section F.5.1).

In this respect and with the goal of strengthening FCC Group's Internal Control System and hence of being more efficient in the performance of these functions, during the year 2015 funds were allocated to the Risk Management Department within the General Internal Auditing and Risk Management Department, such that this Department is currently divided into two separate areas with independent functions:

- **General Internal Auditing.** The main functions are:
  - Reviewing the financial information. Supervising the process of drawing up and presenting financial information and other information provided to third parties.
  - Review of the internal control. Supervising the policies, standards, procedures and activities making up the control system established by the Group to ensure the proper management and reduction of risks.
  - Supervising the External Audit. Analysis and proposal of the appointment and supervision of the external auditor, being the liaison for monitoring the audit.
- **Risk Management and Compliance Department**
  - Management of business risks. Establishing a risk management system allowing Management to maintain an adequate internal control system by identifying, evaluating and establishing plans to respond to the potential risks that might prevent the fulfilment of the goals included in the Strategic Plan.
  - Internal control. Performing internal control by reviewing the procedures and including new key controls. Establishing a management system for compliance with internal control together with an architecture of responsibilities to ensure that an acceptable level of risk is maintained by the Board of Directors.
  - Criminal prevention. Establishing a management system for criminal compliance together with an architecture of responsibilities that mitigate the criminal responsibility of the legal person.

  During 2015, the Risk Management Department prepared and delivered for approval to the Audit and Control Committee a new regulatory block related to FCC Group's Governance, Risk and Regulatory Compliance. This group comprises the following regulatory documents related to the Financial Reporting Internal Control System, which are expected to be approved by the Board of Directors in 2016:

  – Corporate Governance and Internal Control System.

  – Zero Standard.

  – Risk Management Policy and System.

  – Standards Compliance Policy and System.

  – Criminal Compliance Policy and System.



These documents define FCC Group's Corporate Governance and Internal Control strategy, providing guidance to assist in achieving the sustained success of the organisation, positioning the Group as a stronger organisation in the face of internal and external pressure, by creating a solid internal control environment suited to market circumstances at any given moment.

The Zero Standard homogenises the creation and updating of new rules, policies, procedures and systems, contributing a series of guidelines that ensure a suitable and sufficient level of internal control. The purpose of this rule is to assist in the task of evaluating and perfecting the legal, institutional and regulatory settings applicable to FCC Group's Corporate Governance, developing and improving its contents based on the best market practice in the field of Corporate Governance, with the goal of meeting the expectations of FCC Group's stakeholders in the present economic environment.

The Risk Management regulations are meant to implement, develop and continuously improve a work setting or common structure, with the goal of integrating the risk management process within corporate governance in relation to the organisation, planning and strategy, management, reporting processes, policies, values and culture. They specifically seek the following:

- Integrating the risk-opportunity vision in the management of FCC Group, by defining the strategy and risk appetite, as well as incorporating this variable to strategic and operating decisions.
- Separating functions, at an operating level, between the management or risk-taking areas and the areas responsible for analysing, controlling and supervising those risks, guaranteeing an adequate level of independence.
- Reporting, in a transparent manner, the Group's risks and the operation of the systems developed to control those risks to the Board of Directors, maintaining adequate channels to favour that communication.
- Supervising the implementation of suitable action plans for hedging risks.
- Acting at all times pursuant to the Law and the Company's Corporate Governance System, in particular according to the values and behavioural standards included in the Code of Ethics and under the principle of 'zero tolerance' of illegal doings and situations of fraud.
- Supervising the suitable compliance with the rules of corporate governance established by FCC Group, via its Corporate Governance System, guaranteeing the updating and permanent improvement of the system within the scope of the best international practice in terms of transparency and governance, thereby allowing the monitoring and measuring of that compliance.

Just like the creation of a culture of internal control, the creation of a risk management culture represents one of the fundamental pillars of good governance, guaranteeing the early detection of defective and/or insufficient control environments when it comes to reaching the organisation goals that can still be acted on by Management, to protect the organisation against the possible materialisation of risks associated to those control environments.

To reach these goals, the Risk Management Policy proposes the operation of homogeneous risk management system throughout the Group, ensuring that risks are treated uniformly and thoroughly analysing the causes of the materialisation of present and future risks affecting the attainment of our goals. All of the foregoing must be done according to generally accepted basic principles in the risk management best practices, ensuring that the acceptable risk level established beforehand by the Board of Directors is always present in the decisions made by any executives in our Group.

The new regulatory compliance rules are meant to lay the foundations of general compliance with internal control in FCC Group, by creating an internal control culture allowing the understanding and the suitable assumption of responsibilities arising from non-compliance. Legal compliance is an especially important matter for FCC Group, meaning that integrity determines the way we act and that without exceptions we abide by ethical and legal demands.

In addition, following the reform of the Spanish Criminal Code, which entered into force on 1 July 2015, it is necessary for the Board of Directors to approve a Criminal Compliance Policy to ensure the permanent and efficient operation of the organisation and management model to prevent the occurrence of crimes or offences within the organisation, so that FCC's internal control mechanisms operate continuously and permanently, including the monitoring and surveillance thereof, regarding the risk behaviours of its employees, which also allows the traceability and documentation thereof so that Court authorities may evaluate and consider such behaviour if necessary so that the legal person may prove that the Group's governance bodies have observed due diligence, rendering the legal person free of any criminal liability.

In this regard, in 2012 the Crime Prevention and Response Manual approved by FCC Group's Board of Directors laid the foundations for the preparation of that model, establishing both the criminal compliance function, which is geared to preventing offences or crime, and the suitable response channels to carry out the investigation of offence/crime claims within the Company, geared to diligently responding thereto.

The approval of this new regulatory block in 2016 will ensure the definitive implementation of the model and compliance therewith, as well as the active consideration of the model in any decision-making processes within the organisation.

General Organisation Management

The General Organisation Management takes on the remit of Human Resources, Corporate Security, Information Systems and Technology and Purchases Areas. HR's mission at FCC is to favour and boost the development of individuals, communication and a good working environment climate, in line with the Company's strategic goals and policies, via the efficient management of HR specialised services, in a context of diversity and internationalisation. Its functions include establishing the policies, strategies, rules and general grounds for selecting, hiring, training, employing, developing and empowering people in our organisation, all aligned with the Company's general strategy and that of its different business areas. The basic goal of this function is to create the necessary environment to attract, manage, motivate and develop the best professionals. To do so, the HR division is divided into three areas:

- Legal counsel, labour relations and occupational safety.
- Organisation, compensation, administration and reporting.
- Training, selection and development.

The Information Technologies and Systems Division, hereinafter the ITS, guarantees suitable technology support for the Group's management processes, optimising the management of the necessary resources and service level for users, ensuring the confidentiality and integrity of information systems. The action model is geared to FCC Group achieving its strategic goals via two means:

- Operating efficiency in the performance of all of its activities.
- Support for FCC Group's internationalisation, deploying the necessary IT applications and services based on solid infrastructure, in the countries where FCC has a productive presence.

The main functions of ITS are:

- Managing the Group's technological resources and keeping them updated.
- Defining the business process information needs and setting priorities with users.
- Guaranteeing that systems are suited to the management information needs.
- Supporting projects for improving the business processes for which the division is responsible.
- Guaranteeing that users have adequate technological support.
- Implementing the proposed safety measures to guarantee the confidentiality, integrity and availability of information systems.
- Managing the area's suppliers.

Additionally, Information Security and Technological Risk Management is responsible for Information security and for managing risks related to the processing of FCC Group's information assets. Its function is to foster Information Security, promoting good corporate governance by means of adopting the most highly accredited international security standards. This goal will be sought by implementing an Information Security Management System (ISMS) according to ISO 27001. In this model, the risk analysis of the information assets administered by FCC Group assumes a relevant position, as an evaluation item prior to the deployment and management of risk mitigating measures. Information Security and Technological Risks Management is integrated in the ITS organisation chart with the following functions:

- Preparing on a triennial basis FCC Group's Information Security Strategy Plan and following up on compliance therewith from time to time.
- Coordinating with the FCC Information Security Committee and supporting it in the performance of its functions, as well as setting the common strategies on the security of assets for all the Group's business division committees.
- Defining the corporate information security policies and checking from time to time that they are being met.
- Establishing the risk analysis and management guidelines and defining the method to be applied.
- Coordinating with the different business areas to ensure regulatory compliance in the field of personal data protection.
- Defining and implementing internal controls to verify the proper compliance with the corporate information security policies.
- Reviewing from time to time the efficacy of the Information Security Management System, as well as measuring the efficiency of the internal controls that are implemented.
- Performing internal audits of the Information Security Management System according to planned intervals.

The goal of the Purchase Department is to provide a purchase service that satisfies internal customers and contributes to increase FCC's negotiating capacity, in keeping with principles of the Strategic Plan and the Group's general policies. In February 2015 FCC Group's Board of Directors approved the creation of a Group Purchase Centre, acting as the parent for the different activities to carry out negotiations, procurement and control of the purchase of materials and services, always seeking the best conditions for the company and optimising the planning of works and/or subcontractors, resources and controlling budgets and results. The Purchasing Department works together with the business units to:

- Identify and establish the Group's value creation levers, contributing to business returns.
- Collaborate in establishing policies and procedures enabling the integrated management of the Group, creating synergies and building up a corporate culture based on FCC's historical values.

F.1.2 State whether any of the following elements exist, in particular in relation to the process of preparing financial reports:

Departments and/or mechanisms entrusted with: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of authority and responsibility, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures are in place for their proper dissemination in the company.

As defined in the new Rules of FCC's Board of Directors, the highest level of responsibility for the design and review of the organisational structure and the definition of the lines of authority and responsibility is done by the CEO supported by the Executive Committee, and ratified by the Board of Directors. These Rules define the responsibilities attributed to each of the Board Committees, together with the organisational structure of each Committee.

The CEO and the Executive Committees determine the distribution of tasks and functions, ensuring that everyone's powers are adequately known, in order to ensure that there is a proper separation of functions and efficient communication between them, including those related to personnel involved in the drawing up of the Group's financial reports.

The Appointment and Remunerations Committee proposes the appointment of senior executives with the most suitable profile for their duties and functions. Additionally, it is in charge of overseeing the remuneration policy established by the Company is observed and, in particular, it proposes the remuneration policy for Directors and senior executives to the Board of Directors. In 2015 this Committee was composed of four non-executive directors, two independents and two proprietary directors, and it met on eleven occasions.

The CEO is entrusted with defining the lines of responsibility and authority and each Corporate Department must define its organisational structure and its lines of responsibility. The process to determine the organisational structure is regulated by the Group's General Standards Manual in section 10, which regulates the bodies directly reporting to the Board of Directors, the distribution of the Group's management functions and the appointment of senior executives.

Furthermore, the Human Resources area has been taken up by the General Organisation Management and is in charge of updating and reviewing, with the support of the relevant departments, both the Group's organisational structure and its organisation chart. The detailed organisation chart of all the Group functions is published on the Company intranet. Accordingly, the HR area launched a project to modernise the reporting and HR management system; implementation was completed in Spain in 2014 and there are plans to re-boost the project in 2016 so that it may be implemented internationally. Among other goals, this project is meant to clearly define the organisational structure and the lines of responsibility in order to optimise the distribution of tasks and functions.

Additionally, within the new regulatory block which is due to be approved by the Board of Directors in 2016, the Regulatory Compliance Policy includes a specific section related to responsibilities in the Financial Reporting Internal Control System (FRICS), as described below:

The Financial Reporting Internal Control System must provide Management and the Audit Committee with reasonable security as to the reliability of the financial reports submitted to the Board for approval, which is publicly disclosed from time to time to the regulators and the market. To ensure this, this policy and system are established, based on the existence of different assurance levels. To this end, the main activities of the third level of internal control related to Financial Reporting Internal Control and the compliance or assurance thereof are the following:

1. **Responsibilities of the General Administration and Finance Department:**
   - Assuming high level executive functions in the management of the Financial Reporting Internal Control System.
   - Executing control activities related to the preparation of local financial reports.
   - Executing control activities in relation to the consolidation sub-process.
2. **Responsibilities of the Risk Management Department:**
   - Methodological support for the identification and evaluation of risks in the financial reporting process.
   - Support in the identification of controls and the design thereof.
   - Annual evaluation of the operation and global effectivity of FRICS, analysing whether the system is capable of detecting or preventing risks with a significant impact on the reliability of financial reporting.
3. **Responsibilities of the Internal Auditing Department:**
   - Reviewing the internal and external financial reporting.
   - Control activities related to the monitoring of external auditing.
   - Review from time to time of the operation and effectiveness of controls on the FRICS.
4. **Responsibilities of the General Finance Department (Stock Markets and Investor Relations):**
   - Executing control activities related to the disclosure to the markets of the relevant financial and non-financial information established by Law.

5. **Responsibilities of the General Communication and Corporate Social Responsibility Department:**

   - Executing control activities related to the Group's external and internal communications, both in Spain and in the international companies, institutional relations, brand and corporate image management, advertising and social corporate responsibility policies. It is responsible for establishing the corporate social responsibility procedures for the proper dissemination of the organisational structure and lines of responsibility.

Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the recording of operations and the preparation of financial reports), body in charge of analysing breaches and proposing corrective actions and penalties.

FCC Group has a Code of Ethics, the latest version of which was approved by the Board of Directors on the 27 February 2012, regulating the principles that must guide the Group's conduct and is compulsory for all employees and third parties who voluntarily accept its application.

The Audit and Control Committee, according to article 37 of the Rules of the Board of Directors, has among its powers that of ensuring that the internal codes of conduct and the rules of corporate governance comply with the regulatory demands and are appropriate for the Company, as well as reviewing compliance with reporting obligations by the persons subject to those codes and rules of governance.

In this respect, at the end of 2015 FCC Group's Internal Audit Committee established a workgroup for the project of updating a new Code of Ethics and Conduct for the Group, with the involvement of the General Internal Audit and Risk Management Department, the General Organisation Department and the Secretary General. FCC Group considers that only the strict observance of these types of regulations can prevent significant legal and economic risks for the organisation and all the parties involved: clients, suppliers, shareholders and the Company itself (protection of people and the environment). Only in this way can we safeguard the social acceptance of our economic activities and we can increase the value of the Company in a durable manner. This project contemplates the following measures, among others:

- The adoption of the latest best practices established by various domestic and international agencies.
- The incorporation of conducts that the employees must identify as being prohibited and risk conducts that if carried out may entail committing offences or crimes that could lead to criminal liability of the legal person.
- The establishment of a new training and communication plan at all the levels of the organisation.
- The establishment of new acceptance mechanisms and periodic compliance commitments for the risk holders and controls identified in the risk maps.
- The establishment of specific Code of Ethics compliance responsibilities in respect of:
  - The Board of Directors, senior management and specific committees.
  - Senior executives.
  - Middle managers and the rest of the employees.
  - Suppliers.
  - Other stakeholders or parties involved.
- The establishment of the compliance structure:
  - Preventive: regulatory compliance function and compliance committees in the business units.
  - Detective: Response Committee and Whistleblowing Channel.

The FCC Group Code of Ethics is a tool to guide actions in corporate, environmental and ethical issues of particular importance.

The guidelines for conduct set down in the Code of Ethics refer to basic behaviour principles, relations with and between employees, internal control and fraud prevention, commitment with the market, the Company and the community.

The FCC Group Code of Ethics includes a chapter that is closely related to control over the preparation of financial reports called "Internal control and fraud prevention", which deals with the following topics: "Manipulation of information", "Use and protection of assets", "Protection of Intellectual Property", "Bribery and Corruption" and "Money laundering and irregular payments".

FCC Group communicates and disseminates the Code in the Company so that it may be known by all the employees, and there is even an online training tool. During 2015 an adherence to the Code of Ethics campaign was conducted whereby employees have declared that they are aware of, understand and assume the principles and guidelines included in the Code. 2,554 adherences were recorded during this period.

Additionally, as part of the Welcome Manual, all new employees are informed of the Code of Ethics and of the obligation of complying with it, and they are furnished with a copy of the code together with their contract. New employees sign a receipt, which includes the commitment of complying with the principles set out in the Code.

The Code of Ethics is also published on the Group's corporate website so that anyone can access it.

As a result of the incorporation of criminal liability of legal persons to the Spanish Criminal Code in 2010, FCC Group carried out a comprehensive study of the identification of the controls needed to mitigate the risk of employees committing any of the crimes incorporated following the reform. As a result of this process, FCC Group has:

- A priority offence or crime catalogue identifying risk conducts related to offence or crime, the existing control environments, control failures, risk holders and controls, risk materialisation indicators, the purpose of which is to prevent the risk of committing any offence or crime related to the legal person, reducing the likelihood of occurrence.
- A Crime Prevention and Response Manual that defines the response protocols if an offence or crime is committed, creating the Response Committee and structuring the Whistleblowing Channel.

In addition, and in response to the reform of the Spanish Criminal Code approved in July 2015, the General Internal Auditing and Risk Management Department has been working on strictly monitoring the evolution of the amendments contemplated in the reform and their repercussion on legal persons, with the purpose of adapting the Criminal Compliance Risk Map and improving FCC Group's control environment in light of the possible occurrence of offences or crimes. The following aspects have been analysed, among others:

- The changes it represents in respect of the liabilities of senior management, administrators and directors, in keeping with the reform of the Capital Companies Act.
- The growing importance of Compliance Programmes within the organisation and the consideration that the legal person and the administrators may be exempted from criminal liability due to the existence of those systems, if their efficacy is proven by an autonomous body within the organisation that is entrusted with the function of supervising the control environment.
- The need of supervising, monitoring and controlling these programmes by a body with autonomous powers to take the initiative and control the reviewed unit.
- The new types of offence or crime from which liability arises for the legal person.
- The extraterritorial nature of some types of offence or crime.

In addition, the international nature of FCC Group has required the analysis of requirements regarding corruption, bribery and money laundering established by international bodies and by some of the main countries where FCC Group performs its activities.

On the other hand, in September 2014 the Fiscal Code of Conduct was approved by FCC Group, which is applicable to all the employees of FCC Group and has the goal of establishing the policies, principles and values that should guide tax behaviour within FCC Group. Said code shows the obligations that are to be met by employees with responsibilities in FCC Group's tax area:

- Follow the applicable tax regulations in each jurisdiction, based on sufficiently reasoned and reasonable interpretations and sufficiently verified facts.
- Respect FCC Group's "Tax Area Control Framework rule", as well as the specific procedures for communication, action and review in the tax area.

– Ensure that the relevant decisions in the field of taxation are supervised by the Group's senior management and are duly supported, based on a global, integrating approach that takes into account the various business variables and the possible risks that are implicit.

– Develop and foster a relationship of transparency and mutual trust with the tax authorities of each country.

– Participate actively in the tax forums of the employer associations and international organisations to which FCC Group belongs, in order to propose specific tax measures geared to attaining a fairer and more harmonised tax system, both for the interests of the Group and for those of society at large.

Whistleblowing Channel, which allows financial and accounting irregularities to be reported to the Auditing Committee, as well as possible breaches of the code of conduct and irregular activities within the organisation, stating, as the case may be, the confidential nature thereof.

The people in connection with the Code of Ethics are under the obligation to report any breaches thereof, and for said purpose they can use the established ethical channels and procedures confidentially, in good faith and without fearing retaliation. FCC Group has established a general communication procedure for matters related to the Code of Ethics which is described here in this Whistleblowing Channel section, which allows the reporting, confidentially, in good faith and preferably named, of any behaviours contrary to the Code of Ethics that may be observed. The communication routes forming the basis of the Whistleblowing Channel are:

– An html page in the Group's Intranet: internal communication channel.

– Mail sent to Apdo. de Correos 19312, 28080-Madrid, managed by the Chairperson of the Response Committee.

– Email addressed to comitederespuesta@fcc.es, managed by the Response Committee.

The body in charge of analysing possible breaches is the Response Committee, which also establishes the system to propose corrective measures and, if it considers it necessary, penalties.

The Audit and Control Committee, according to article 37 of the Rules of the Board of Directors, has among its powers the reception from time to time of information from the Response Committee on the performance of its activities and the operation of internal controls. This committee reports to the Audit and Control Committee via its Chairperson, the General Manager of Internal Audits. The functions of this committee are to ensure the proper operation of the communication channel that has been established, valuing possible improvements of the controls and systems established by the Company, processing communications so that they can be solved, promoting the awareness of the Code of Ethics, and regularly preparing reports on the level of compliance therewith. In order to guarantee confidentiality, communications are received centrally by the General Manager of Internal Auditing and Risk Management, the General Manager of Organisation, the General Manager of Legal Counsel and the CSR manager, who are the members of the Response Committee, the body in charge of this procedure.

The Response Committee values the admissibility of the communication that is received, according to a preliminary review of its contents, placing on record the reasoned decision it makes. In any case the documentation that is generated shall be filed, pursuant to both the internal regulations for its functioning and the Spanish Data Protection Act, and if the case is accepted, a file will be opened, the contents of which will be included in the Whistleblowing Management System. Accordingly, the Crime Prevention and Response Manual is being reviewed with a triple objective:

– The incorporation of new requirements based on the reform of the current Criminal Code.

– The adaptation to FCC Group's organisational model and the redefinition of functions.

– The incorporation of the changes resulting from the future entry into force of the Whistleblowing Management System.

In respect of the last item, during 2015 progress has been made in the definition, development and implementation of a tool to support the Whistleblowing Management System, which makes it possible to guarantee that the reports received through the channels established in the Crime Prevention and Response Manual are managed according to what is established in the manual, guaranteeing confidentiality and the traceability of information and that all actions carried out are documented, in turn guaranteeing that the legal requirements established in the Spanish Data Protection Act (LOPD) are met.

Additionally, during 2015 a single evaluation model was established from the preliminary inquiry of the complaints received, homogenising both the aspects that are to be evaluated and their scale of valuation, with the goal of ensuring the coincidence of criteria among the corporate areas receiving complaints when it comes to opening an inquiry process, allowing responsible and diligent decision-making in respect of the objectives to be met by the Whistleblowing Channel.

Training and periodical refresher programs for the personnel involved in the preparation and review of financial reports, and in the evaluation of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

Training at FCC is not a social benefit but rather it is a tool to help the Company grow, and enables employees to grow with it. The main goals of training at FCC are:

– To obtain better performance and efficiency from personnel in the performance of their functions and the functioning of the Company.

– To achieve personnel career development goals.

Work has been done during 2015 on the definition and implementation of a simple competence model, enabling the integrated management of all the key people development processes.

During the year 2015, the Risk Management Department and the General Manager of Internal Audit and Risk Management provided training in relation to Internal Control in Management Committees of the various business units, on aspects related both to managing business risks and to managing criminal compliance by virtue of the latest reform of the Spanish Criminal Code. Specifically, the Risk Management Department was present at several Management Committee meetings in the year 2015. During 2016 courses related to the updating of FCC Group's Code of Ethics are scheduled.

In addition, FCC Group's General Administration Department and the Human Resources area jointly develop training plans for all the personnel involved in the preparation of the Group's financial statements. This Plan includes the permanent updating of the regulations affecting financial reporting and internal control in order to guarantee the reliability of financial reporting, providing professionals at FCC with the necessary know-how and tools to optimise financial decision-making at all levels and in all the departments, developing their analytic capacity and their understanding of the impact of business decisions on the Company's financial statements.

In 2015, as part of the Crosscutting Training Plan, the Management School included training for the management team in Corporate Finance, Economic Environment, Financial Management, Business Law, Sales and Marketing Management, Financial Management, Analytical Accounting, Technology and Innovation, Human Resources Management, Operations Management, Planning and Control Management, Taxation, Business Strategy, International Management and Mergers and Acquisitions.

Also the Corporate Processes School includes training in Finance for non-financial staff, Self-training in Accounts and Financial Excel spreadsheets, International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), Headquarter Quality Systems, Adaptation to the new ISO 9001:2015 Standard, Support in preparing the Certified Internal Auditor Exam, Advanced Secretarial Techniques, Archive and Documentary Management Techniques, Promotion and Management of Equality and Non-discrimination, Analysis and Decision-making, Efficient Communication, Team Development, Management by Objectives, Change Management, Leadership, Motivating Others, Negotiating, Negotiating according to the Harvard Method, Management focused on Result, Planning and Organisation, Decision-making, Teamwork, Strategic Vision, Train the Trainers, International Business Relations, Office skills, Microsoft Access, Excel, PowerPoint, Excel and Word.

Additionally, in 2015 Senior Executive Leadership courses were provided, conveying the major values that must be present in the daily work of any management team in FCC Group: leadership, teamwork, developing potential, negotiating and integrity.

During the year 2015, 359,077 training hours were provided, the majority externally, of which 12,163 hours (3.39%) were for acquiring, updating and recycling economic and financial knowledge including accounting and auditing standards, internal control and risk management and control, as well as other regulatory and business aspects that must be known for the suitable preparation of the Group's financial reports, benefiting approximately 1,298 people.

F.2 Evaluation of financial information risks

Report, at least, on:

F.2.1 What are the main characteristics of the risk identification process, including error or fraud, in respect of:

Whether the process exists and is documented.

As part of the new regulatory block that is to be approved by the Board of Directors, the Risk Management Policy defines a risk management and control model based on the existence of three levels of risk management. The first and second level of risk management is located in the business unit itself, which as part of its activity originates FCC Group's risk exposure.

The first risk management level is carried out by the business unit's operating lines, which are responsible for managing, monitoring and adequately reporting the risk that is generated, which must be adjusted to the authorised risk appetite and risk ceilings. To meet this function, this first risk management level must have the means to identify, measure, manage and report the risks that are adequately assumed. Below are some of the first level activities related to Risk Management:

- Drafting of Risk Materialisation Reports every four months.
- Assuming executive functions in the assurance of vertical or individual risks in projects or the response thereto.
- Assuming responsibilities in its management of vertical or individual risks in projects.
- Implementing responses to risks on behalf of Management.

The second internal control level is made up by support, risk control and supervision teams within the business unit. This second level oversees the effective control of risks and ensures that these are managed according to the defined risk appetite level. Below are some of the second level activities related to risk management:

- Drafting of the initial Risk Map at the time of bidding for a new project.
- Monitoring the Risk Materialisation Reports exceeding the materiality allocated to each business unit.
- Aggregate analysis of the risk level assumed by each business unit at every given moment to ensure that the risk level accepted and approved by the Board of Directors is not exceeded.
- Making decisions on risk treatment.
- Assuming executive functions in the assurance of crossover risks or those applying to the entire business unit or the response thereto.
- Assuming responsibilities regarding own management of crossover risks or those applying to the entire business unit.

The third risk management level includes the corporate functions located outside the business unit and hence independent from it. The most relevant corporate function in the risk management process is performed by the Internal Audit and Risk Management Department, which reports directly to the Audit Committee and assumed two distinct functions: the risk management function and the internal audit function.

The risk management function is responsible for carrying out the suitable coordination of the entire risk control and management process, reporting any incidents found and centralising and transmitting the best practice in this area. Below are some of the activities performed by the risk management function in the third level of Internal Control:

- Developing the risk management strategy so that it may be approved by the Board.
- Proposing the accepted risk level to the Board for approval.
- Leading the implementation of the Risk Management System.
- Assisting in the identification and evaluation of risks.
- Advising Management on the treatment of identified risks.
- Collaborating in the coordination of risk management.
- Collaborating in the implementation and maintenance of the framework for the business risk management and policy, supporting the Board through the Audit Committee.
- Preparing aggregate risk analyses and reports.

- Coordinating the risk management activities, ensuring that there are homogeneous criteria in each business unit.
- Providing assurance in respect of the risk management processes and the correct evaluation thereof.
- Evaluating the preparation of key risk reports by the business unit and reviewing the management thereof.
- Providing assurance in respect of the correct evaluation of key risks.

Subsequently, the internal audit function, as the last line of defence and acting as the last layer of control, evaluates from time to time the compliance with policies and procedures and checks that they are effectively implemented. Below are some of the activities of the third internal control level that are carried out by the internal audit function:

- Reviewing compliance with the risk management process.
- Reviewing the management of key risks.
- Reviewing the effectiveness, efficacy and efficiency of the controls.
- Evaluating the risk management processes, including the supervision of controls and procedures.
- Evaluating from time to time and independently the effective performance of the activities entrusted to the risk management function.
- Keeping the compliance function informed of any circumstances found within the internal audit function with regulatory implications.

Within each specific function, at each level there must be the sufficient and necessary independence to allow the adequate operation of the Risk Management Corporate Governance System.

Above the lines of defence, the board committees and the executive committees of risks both in the corporation and in the business units, take care of the suitable management and control of risks from the highest levels of the organisation.

These risk maps take stock of the identification of the main risks of the business areas, together with the controls established by Management to mitigate the effect of said risks and the assessment, in terms of likelihood of occurrence and their impact on the financial statements of the area being analysed. Therefore, with support from the risk managers in the different business areas, the Group's Management is being guided in a process of redefining and improving those risks, including the risks related to financial reporting and the preparation of those reports, both in terms of the definition and the allocation of responsibilities in risk management in the field of operations and in the preparation of procedures and methods, which include:

– Identifying the key risks for FCC Group according to the potential threat they represent for achieving the objectives of the organisation.
– Risk evaluation. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
– Identifying the key control activities to mitigate those risks.
– Identifying the risk holders.
– Allocating control responsibilities.
– Establishing key risk indicators.
– From time to time, the management of each business area analyses, together with the Risk Management Department, what risks have materialised in each of the Group areas, reporting it to the Audit and Control Committee.

Additionally, and once the model has been fully implemented, for risks exceeding the accepted risk level for each of the sectors of activity, the necessary action plans are established with the possible corrective measures to ensure their critical levels fall within the accepted risk level. These action plans include the necessary actions to reinforce existing controls and they may even incorporate new controls.

Each business unit fills in the Risk Materialisation Report (RMR), identifying the different types of risks that have materialised including:

– Identification and description of the risk that has materialised.
– Reason and cause of the materialisation of risks.
– Economic impact that has materialised, been incurred or accrued, the effect of which has already been recorded on the organisation's financial statements and regarding which Management cannot do too much.

- Economic impact that has materialised and is yet to be incurred or accrued, the effect of which on the Group's financial statements may be mitigated by the business area Management or by establishing specific action plans. Said impacts are identified as deviations from the strategic plan in the planning tools of each one of the business areas.
- General controls or procedures in force.
- Identification of failed controls.
- Risk materialisation indicators.
- Risk holders or people responsible for risks.

The Risk Materialisation Reports are received and analysed by the General Internal Auditing and Risk Management Department, after which it will provide the necessary related guidelines, with the goal of collaborating with Management and carrying out the pertinent action. At present, the Group's General Internal Auditing and Risk Management is guiding the business units in the adequate identification of existing control activities under COSO, 2013 principles, as well as in the identification of the most effective risk materialisation indicators.

In respect of the risks arising from the criminal liability of the legal person:

1. At the time of including criminal liability of the legal person in the 2010 Criminal Code, the Board of Directors carried out an in-depth study on the identification of the necessary controls to mitigate the risk of an employee committing any of the crimes included in the reform. The following work was carried out:
   - Study of the FCC Group internal control general framework: components of the control environment, risk management, control, reporting, communication and supervision activities; especially focuses on all the existing protocols on the use of information technology at FCC and on its policy on the use of technological means and its IT security policies, among others.
   - Identification of the relevant crimes that may be applicable in FCC Group's business environment, especially in the fields of ethics and integrity, segregation of functions, and authorisations of payments, among others.
   - Assessment of the risk of each of the identified behaviours materialising, in terms of impact and probability.
   - Identification and setting priorities regarding the main controls and actions aimed at preventing, detecting, punishing and correcting said behaviours.
   - Evaluation of the strength of the controls and key actions.
   - Identification of areas of improvement for the management of the risk of crimes being committed and the establishment of specific action plans.

   As a result of this process, FCC Group prepared a catalogue for crime prioritization and the Crime Prevention and Response Manual, which also defined the response protocols in the event of offences or crimes.
2. In addition, and in response to the reform of the Spanish Criminal Code approved in July 2015, the General Internal Auditing and Risk Management Dept. has been working on strictly monitoring the evolution of the amendments contemplated in the reform and their repercussion on legal persons, with the purpose of adapting the Criminal Compliance Risk Map and improving FCC Group's control environment in the light of the possible occurrence of offences or crimes. The following aspects have been analysed, among others:
   - The changes it represents in respect of the liabilities of senior management, administrators and directors, in keeping with the reform of the Capital Companies Act.
   - The growing importance of Compliance Programmes within the organisation and the consideration that the legal person and the administrators may be exempted from criminal liability due to the existence of those systems, if their efficacy is proven by an autonomous body within the organisation that is entrusted with the function of supervising the control environment.
   - The need for supervising, surveillance and control of these programmes by a body with autonomous powers to take the initiative and control the reviewed unit.
   - The new types of offence or crime from which liability arises for the legal person.
   - The extraterritorial nature of some types of offence or crime.

In addition, the international nature of FCC Group has required the analysis of requirements regarding corruption, bribery and money laundering established by international bodies and by some of the main countries where FCC Group carries out its activities.

The process, based on previously reported information, will lead to the Group's Consolidated Risk Map. In summary, the main characteristics that will define the Integrated Risk Management Model in FCC Group, once the new group of corporate governance standards, risk and compliance management are approved and it is fully implemented, will be the following:

– Preventing and controlling the risks that may affect achieving the goals set by the Group;

– Ensuring compliance with the legal regulations in force and with the Group's standards and internal procedures;

– Guaranteeing the reliability and integrity of the accounting and financial reports.

Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.

The operational risks identified in the risk map include the risk of reliability of the economic and financial reports affecting each one of the business areas. For the global assessment of this risk, the risk of errors in the financial reporting in each of the business areas analysed, to cover all the objectives of the financial reporting, mainly the registration, integrity, cut-off of operations, homogeneity of the reports, validity and assessment, are generally considered.

Given the singularity of the reporting risks and how important it is for FCC Group to adequately control this type of risks, the new Risk Management System incorporates reporting risk as an independent category in the risk maps, with reference to the risks associated to internal and external financial and non-financial reporting and covering aspects such as reliability, opportunity and transparency.

The existence of a process to identify the consolidated group, taking into account, among other aspects, the possible existence of complex corporate structures, shell companies or special purpose companies.

FCC Group has a register of companies that is permanently updated, which includes all of the Group's holdings, whatever their nature, whether they are direct or indirect, as well as any companies that the Group is able to control regardless of the legal form of said control, therefore including both shell companies and special purpose companies. This companies' register is managed and updated according to the procedures regulated by the Group's Economic and Financial Manual. The Corporate Intranet includes an individual file for each company with all the relevant information on each of the companies: shareholders, company purpose, governing body, etc.

Each of the areas into which FCC Group is organised is responsible for maintaining and updating the scope of consolidation corresponding to its area of activity. The Consolidation and Accounting Standardisation Department keeps the database updated in the Corporate Intranet mentioned in the preceding paragraph, as well as the Economic and Financial Manual in relation to the list of the Group companies within the scope of consolidation, based on the data provided by the business areas. Additionally, controls are carried out from time to time on the proper accounting of the companies included in the scope of consolidation.

Whether the process takes into account the effects of other types of risks (operating, technological, financial, legal, reputational, environmental, etc.) to the extent they affect the financial statements.

FCC Group's global risk management system, following the best business practices in this field and applying the COSO method, has categorised risks as follows:

- **Strategic.** These are risks considered to be key for the organisation and hence managed on a proactive and priority basis. Should these risks materialise, they seriously jeopardise the attainment of strategic goals.
- **Operating**. These risks are related to operations management and the value chain of each one of the business areas and the protection of assets in the event of possible losses.
- **Compliance.** These are risks affecting internal or external regulatory compliance.

- **Financial.** Risks associated with the financial markets and with the generation and management of cash.
- **Information or reporting.** These risks have to do with internal and external financial and non-financial reporting and cover aspects such as reliability, opportunity and transparency.

What company governance body supervises the process?

The financial reporting risk identification process is supervised by the Audit and Control Committee via the General Internal Auditing and Risk Management, as part of its function of supervising FCC Group's internal control and risk management systems, as provided in Article 37 of the Rules of the Board of Directors.

F.3 Control activities

Disclose, identifying the main characteristics, whether you have at least:

F.3.1 Procedures for reviewing and authorising the financial reports and the description of the ICFR system, which are to be disclosed to securities markets, indicating who is responsible for these, as well as for the documentation describing all of the activities and controls (including those related to the risk of fraud) of the different types of transactions that may materially affect the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgments, estimates, appraisals and projections.

FCC Group is currently engaged in a process of implementing an Integrated Risk Management Model, which when fully operational will allows the Group to appropriately face the financial risks as well as other risks to which its activities are subject. This integrated risk management model is geared towards fulfilling the following:

- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Reliability of the financial reporting.
- Compliance with applicable laws and regulations.

The model relates the objectives to the risks that could prevent the execution thereof and to the control activities necessary to ensure that the response to these risks is suitable and that the proposed objectives are reached:

OBJECTIVES => RISKS => CONTROL ACTIVITIES

The controls and internal control activities are meant to verify that policies and procedures are met. The purpose of the internal controls and the procedures is to guarantee that FCC Group has sufficient elements of judgment to provide reasonable security regarding:

- The organisation's transactions are to be duly authorised.
- The Company assets must be safeguarded from unauthorised or fraudulent use.
- The Company's transactions are to be duly recorded and filed to enable the preparation of financial statements according to the accounting standards in force, laying the foundations for the development of a high level dynamic control system.

The internal control activities are developed through the organisation, at all levels and in all the functions. They include a range of varied activities including approvals, authorisations, verifications, reconcilements, reviews of operating functions, security of assets, separation of functions, etc. They are focused on preventing, detecting, penalising and correcting any possible risk behaviours that may take place in the various levels and areas of the organisation. One same control activity may be geared to preventing, detecting, penalising and correcting different risks within the same category, but may also be focused towards more than one risk category, given the synergies and interdependence between the various objectives of the Company. For each of the control activities, an individual function must be designated within the organisation to which the ownership of that control is allocated.

Control activities must be evaluated in terms of efficacy and efficiency. Because of this, the Integrated Corporate Risk Management Model, scheduled to be approved by FCC Group's Board of Directors in 2016, contemplates the attainment of internal control efficacy and efficiency objectives. This model is meant to mitigate the risks preventing the accomplishment of the Strategy defined by senior management by making better use of the resources at hand, in this way reaching the best specific internal control environment for each organisation. Set out below are the main types of controls or internal control activities according to the model:

1. **Preventive controls:** these provide reasonable security that only valid transactions are recognised and recorded:
   - Authorising or approval of transactions.
   - Validating data prior to being processed.
   - Double checking data entered into the system.
   - Segregation and rotation of duties.
   - Incompatibilities.
   - Reporting systems.
   - Clearly defined standards and procedures.
2. **Detective control:** these provide reasonable security that errors and irregularities will be discovered:
   - Physical stock inventories.
   - Use of pre-numbered documents.
   - Comparing real data with estimates.
   - Bank reconcilements.
   - Internal and external audits.

Below are the main control categories and activities of Internal Control:

1. **Authorisation controls:** procedures destined to the approval of the transactions that are executed and of accesses to assets and procedures according to management guidelines or with specific policies and procedures. Documents should be provided for the authorisation. A system should be developed to prohibit non-authorised processes.
2. **Controls based on the system configuration:** these include the filters established in the databases to protect information on inappropriate processes, according to the organisations rules and policies, thereby controlling the integrity of the processes for generating financial reports, allowing the detection and prevention of possible erroneous results in such reports. These controls may be standard (incorporated by default in the application) or tailor made (developed by FCC Group) and must be contrasted prior to their implementation and backed by other types of controls (authorisation, task diversification and internal auditing). Below are examples of these types of controls:
   - Limits on what is sent to process.
   - Limits to risk tolerance.
   - Agreement with established strategies.
   - Results fluctuation margins.
   - Validation and checking in respect of other data.
   - Design of entry fields.
   - Authorisation groups.
   - Use of user identification parameters.
   - Security configurations.
   - Configuration options (for instance, system blocking).

After implementing this control category, a process should be developed to carry out its maintenance and prove its efficacy.

3. **Controls based on risk management reports:** these include the generation of reports addressed to the various managers designated following the supervision of a process from the start to the conclusion. Said reports usually include the infringements of the established rules occurring during the execution of the process, or on other occasions they are limited to providing information on the process (for instance, lists on how far back balances with clients go, etc.). For this control category to be effective, it is necessary to take into account how often it is put together and the monitoring of subsequent corrective actions.

4. **Controls on data dumping or interfaces:** this comprises the transfer of information data from one computer system to another, using manual and/or automated methods, and the data dumping controls should be designed to ensure the precision, exactness and integrity of the data transferred. These controls should be designed to reveal any errors. The dumping process can be in one or two stages, go back and forth between the two systems or just from one system to the other, and can relate a new system with old systems or old systems with the new ones.
5. **Controls on key performance indicators:** these are financial and non-financial measuring methods that are not chosen by FCC Group, applied from time to time or permanently, which are used by risk management to analyse progress towards achieving the set goals. The indicators that are relevant for the financial statements must be defined, and their level of precision should be suitable for detecting imbalances of a predefined amount or nature. Material fluctuations in the value of indicators must be documented, as well as monitoring the actions carried out as a result of certain fluctuations.
6. **Management supervision controls:** this supervision is carried out by someone other than the person who prepared the information. In many cases it is a manager controlling the work of a subordinate, but it will not be limited to this. The possibility of mutual controls and peer reviews by colleagues is also contemplated. This supervision should be sufficiently documented with dates, review summaries and monitoring of actions carried out.
7. **Reconcilement controls:** a reconcilement is a control designed to be able to check whether matters are consistent.
8. **Task segregation controls:** these comprise the separation of duties and responsibilities to authorise transactions, keep assets in custody or to prevent individuals from being in a situation to be able to make or conceal any errors or irregularities.
9. **System access controls:** these limit the capacity of individual users or groups of users in a computerised data processing environment. These controls must be shown on the rights of access configured in the system.

During 2015, with the purpose of ensuring compliance with the best practices existing in this field (COSO III), FCC Group's General Internal Auditing and Risk Management supervised the work done by the different business areas in the suitable identification stage of the existing control activities. When the new group of standards related to Corporate Governance are approved and the implementation of the Integrated Risk Management Model is completed, it will be possible to improve the documentation and to adequately develop and allocate all of the control activities to each of the critical risks affecting the business, with the goal of detecting internal control shortfalls in which specific action plans must be established for risks exceeding the accepted residual risk. These action plans will include the measures needed to reinforce existing controls and even incorporate new controls thereto.

At present, as part of the auditing of accounts, the external auditor evaluates the internal control and there is also supervision by the Audit and Control Committee, via the General Internal Audit and Risk Management Department, such that any internal control weaknesses are transferred to the Audit and Control Committee via reports that include the recommendations considered necessary for correcting the weaknesses that are identified.

As part of the improvement process of the Integrated Risk Management Model, there are plans to develop a system providing traceability of goals, risks, controls, action plans and compliance officers in relation to financial information reporting risks. This system will contribute a report by the owners of the controls regarding the efficient functioning of those controls and it will also provide a report of the risk owner in relation to maintaining the risk within the threshold accepted beforehand by the Board of Directors.

On the other hand, the specific review of the relevant judgments, estimates, assessments and projections used to quantify certain assets, liabilities, income, expenses and commitments recorded and/or broken down in the Financial Statements, is carried out by the General Administration Management, supported by the rest of the General Managements. Any hypotheses and estimates based on business developments are reviewed and analysed together with the corresponding business departments. The main corporate procedures are included in the General Standards Manual and in the Group's Economic and Financial Manual. These procedures include the closing of accounts and the maintenance of the accounting plan. Also, the Group's accounting managers are given instructions on how to record operations that have not taken place previously in the Group, and these criteria are included in the next update of the Manual.

FCC Group furnishes financial reports to the securities market on a quarterly basis and from time to time whenever relevant events that must be reported occur, in accordance with the law in force. These reports are prepared by the Group's General Administration and Finance Management, which carries out certain control activities in the closing of the accounts to ensure the reliability of said information. Once a financial report is consolidated in a software application running in SAP environment, it is reviewed by the Steering Committee, the General Internal Auditing and Risk Management and the external auditor.

On the other hand, the Group's Basic Standard for Internal Auditing establishes, among the functions and attributions of the General Internal Auditing Management, the "review of the (individual and consolidated) accounting information, the management reports, and the financial reports disclosed from time to time to the markets, evaluating that they are correct and reliable, their compliance with the law in force and the proper application of the generally accepted accounting principles" and "suggesting internal control measures enabling the compliance with the regulations in preparing and disclosing financial reports".

Last of all, the Audit and Control Committee informs the Board of Directors of its conclusions on the financial reports that are presented so that, once they are approved by the Board of Directors, they may be disclosed to the securities markets.

Article 10 of the Rules of the Board of Directors states the following with regard to the specific functions in relation to the Financial Statements and the Management Report:

- The Board of Directors shall draw up the individual and consolidated Financial Statements and the Management Report, so that they give a true and fair view of the net worth, the financial position and the results of FCC's operations, as provided by law, following the favourable report of the Audit and Control Committee. Those Financial Statements must first be certified for their integrity and accuracy by the Managing Director of Administration and Finance.
- The Board of Directors, after studying the reviews mentioned in the item above, may request any relevant clarifications from those who drafted them.
- The Board of Directors will particularly ensure that the above accounting documents are drafted in clear and precise terms enabling an adequate understanding of their contents. In particular, they must include any comments that facilitate such understanding.
- Each member of the Board of Directors shall place on record that, prior to undersigning the preparation of the financial statements required by law, he/she has reviewed the report thereon that must be drawn up by the Audit and Control Committee and, in general, the necessary information for this purpose, and such member may place on record any remarks that are considered relevant.
- On a quarterly basis, the Board will review FCC Group's accounts, following a report from the Audit and Control Committee.

Likewise, article 11 of those same Rules establishes the following with regard to the specific functions in relation to the Securities Market:

- The Board will perform the following specific functions in relation to the Securities Market in the way provided in these Rules:
  - The performance of any actions and the adoption of any measures required to ensure the transparency of FCC for the financial markets.
  - The performance of any actions and the adoption of any measures required to foster the proper price formation of FCC shares, particularly avoiding manipulations and the abuse of insider information.
  - The approval and updating of the Internal Code of Conduct in matters related to Securities Markets.
  - The approval of the Annual Corporate Governance Report, as well as drafting the Annual Report on Director Remunerations under the terms established by law.

Last of all, in Article 14, "Relations with Markets", it is stated that the Board of Directors will adopt the necessary measures to ensure that the financial reports it discloses from time to time and any other information made available to markets is prepared according to the same principles, criteria and professional practices as the financial statements and is just as reliable as the latter.

F.3.2 Internal control policies and procedures for IT systems (including, among others, security of access, control of changes, operation thereof, continuing operations, separation of functions) supporting the company's relevant processes in relation to the preparation and disclosure of financial reports.

The policies establish the patterns of behaviour that FCC Group wants in place and what the Board of Directors expects of those who are bound by them (employees and, ultimately, third parties). FCC Group's regulatory documents make up a hierarchical tree structure. Each policy must have sufficient controls associated to guarantee from time to time the fulfilment of the Board of Director guidelines. The following policy categories are distinguished:

- **Global/local policies:** global policies are generally applicable in the organisation regardless of geographical locations, whereas local policies are only for certain zones or countries.
- **Substantive or procedural policies:** the former define patterns and the latter establish the steps to be followed to meet those patterns.

FCC Group's internal control model considers computer processes, which comprise the IT environment, architecture and infrastructures and the applications supporting business operations and the related financial accounting. The business processes are supported by automatic controls implemented in the applications and manuals. FCC Group applies an internal control model to the Reporting Systems and in particular to the control of the systems supporting the Group's financial statements, focusing on guaranteeing the integrity, confidentiality, availability and reliability of the financial reporting in the closing of accounts process and therefore of the information disclosed to the markets. The following areas are considered to be a priority:

- Access to programs and data.
- Development and change management.
- Operations management.
- Documentation management.

Within these four areas, the following controls of the applications supporting the financial environment are considered particularly relevant:

- User management in the applications (registration-removal and modification).
- Information management policy.
- Information security policy.
- User role matrixes in the applications.
- Managing the demand for developments and functional changes.
- Managing the demand for infrastructure changes.
- Specification and approval of tests and acceptance by users.
- Specification of technical and functional requirements.
- Managing incidents.
- Managing Jobs.
- Operating contingency plan.
- Infrastructure back-up policies.
- Service level agreements and management thereof with third parties.
- Physical security of the Data Processing Centres (DPC).

It should be noted that the Company has a certified information security management system, based on the ISO/IEC 27001 international standard, for the Construction, Water and FCC Industrial business areas. This standard defines and establishes the principles of functionality, security and responsibility, and it may be extrapolated to different areas within the organisation.

FCC Group, taking stock of the importance of the security of the information it processes, has developed a set of policies and standards allowing it to ensure the confidentiality, integrity and availability of its IT systems. The aspects related to the Internal Control over Financial Reporting are regulated in the Corporate Standard called "Information Security." This document defines the operating principles and the bodies that are responsible for information security:

The CEO and the Management Committee will be responsible for:

- Establishing the general criteria for classifying and managing information assets.
- Approving:
  - The Organisation and Security Management Model.
  - The Classification and Information Assets Management Model.

One of the fundamental principles governing the application of said standard is the Principle of Information Integrity. Information management will be governed by policies, standards, procedures and guides ensuring the confidentiality, integrity and availability thereof.

FCC Group has in place a security model with the following structure and allocation of roles and responsibilities:

- The Information Technology Committee is the highest body coordinating the information security in the Group. This Committee is made up by nine members and met weekly during 2015.
- Information Security:
  - Information Security defines the security requirements of the projects developing new applications and it successively validates the functionality of the mechanisms and controls implemented in the applications before they go on to the production stage.
  - Information Security is integrated within the Change Management Committee with the purpose of checking that the changes proposed for the IT infrastructure are compatible with the security requirements established in FCC Group's Information Security Policy.
  - Information Security uses a number of monitoring tools that analyse the operation of FCC Group's information systems, which are able to generate alerts in real time whenever they detect possible security incidents.

Information security is evaluated from time to time. In this respect, Information Security carries out the following audits:

- Regulatory compliance in the field of Personal Data Protection, every two years.
- Analysis of IT system vulnerability.
- IT systems intrusion tests.

Since 2011, FCC Group outsources the management of the technology infrastructures of its information systems. The contract with the external firm incorporates a clause ensuring the performance of services according to best market practices regarding IT. This contract was amended in 2014 and a new supplier provides the service.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, together with evaluations, calculations or assessments entrusted to independent experts, which may materially affect the financial statements.

FCC Group has not outsourced any relevant activities destined to execute or process transactions that are recorded in the Group's financial statements, with the exception of the assessment of financial derivatives, the performance of actuarial calculations, the performance of certain property appraisals from time to time, and technological infrastructure management.

There is an internal procedure for the hiring of external advisors which require certain levels of approval according to the sum involved, including, as the case may be, approval by the Company's CEO. The results or reports from contracting in the accounting, tax or legal areas are supervised by the heads of the General Administration Management, the General Legal Consultancy Management and the General Internal Auditing and Risk Management, or of other Departments if it is considered necessary.

As indicated under the preceding item, FCC Group has outsourced the management services for its IT and telecommunication infrastructures. As part of the contract, investments will be made with a view to standardising the architecture of FCC systems, so that there are not any differences in terms of availability and integrity in the environments managed by the companies making up the Group.

FCC Group has two Data Processing Centres in Madrid configured with high availability. It also has implemented a Service Desk through which any incidents involving the Information Systems are channelled. The following stand out among the projects carried out:

- Full renewal of workstations where key personnel will have an automatic backup to guarantee the availability of the information.
- Consolidation of global centres for operation services with standard tools.
- Implementation of a single telecommunications network (WAN) allowing the homogenisation of user access capacity to the Group's IT systems.

As an internal control procedure to supervise the management of these outsourced activities, a catalogue of services has been launched, managed with unified service quality and measures according to pre-arranged Service Level Agreements (SLA).

Last of all, it should be noted that FCC Group has procedures in place for the supervision of businesses in which it operates via corporate structures in which either it does not have a controlling interest or they are not directly administrated by the Group, for instance Joint Ventures (UTE).

F.4 Reporting and communication

Disclose, identifying the main characteristics, whether you have at least:

F.4.1 A specific function to define and update the accounting policies (accounting policies area or department) and to solve any doubts or disputes arising from the interpretation thereof, maintaining fluid communications with the operations managers in the organisation, together with an updated accounting policy manual that is communicated to all the units through which the Company operates.

The responsibility to apply the accounting policies of FCC Group is centralised in the General Administration Management, to which the Group's Consolidation and Accounting Standards Department belongs, and its functions, among others, are the following:

- Defining the accounting policies of the Group and including them in the Economic Finance Manual.
- Issuing the accounting standards applied in the Group.
- Solving doubts or disputes arising from the interpretation or application of the Group's accounting policies to any of its Companies.
- Analysing the individual operations and transactions that the Group has carried out or those that are planned, to ensure that they are booked according to the Group's accounting policies.
- Monitoring the new draft regulations being considered by the IASB, and the new standards approved by said body, as well as the process of validation thereof by the European Union, determining the impact they will have on the Group's Consolidated Financial Statements.

The Group's Consolidation and Accounting Standards Department regularly informs all those in charge of preparing the financial statements at the various levels in the Group of the amendments in the regulations, clarifying any doubts that may arise, and it in turn gathers the information required from the Group companies to ensure the consistent application of the Group's Accounting Policies and to determine the impact of the application of new accounting regulations. This Economic Finance Manual is updated by the Administrative Coordination Division, according to the evolution of accounting standards, and it is available on the Group Intranet (FCCnet) in the chapter called "Regulations" and may be consulted by Group employees. Also, there is the possibility for users to create alerts that inform them of any updates of the manual. Throughout 2015 several updates were performed according to the needs identified by the Group.

In addition, FCC Group's General Internal Auditing and Risk Management details in its Internal Auditing Plan, among the various functions included within its responsibilities, that of providing, from an accounting regulation perspective, solutions to the technical enquiries received from any of the business areas in which the Group operates. In cases where the application of accounting regulations is subject to different interpretations, the General Internal Auditing and Risk Management and/or the General Administration Management may take part in the explanation to the external auditor, stating the grounds on which the interpretation of FCC Group is based.

F.4.2 Mechanisms for gathering and preparing financial reports with standardised formats, to be applied and used by all of the units in the Company or the Group, supporting the main financial statements and the notes to the financial statements, as well as any financial reports on ICFR.

FCC Group has implemented a shared reporting system based on the application in a SAP environment, which is meant, on the one hand, to meet the reporting needs for the individual financial statements and, on the other hand, to standardise and systematise the consolidation process of economic and financial reporting in the Group. This application gathers, by reporting units, at a 'company-sector' level or as legal persons, according to what is required, the information needed to put together economic and financial reports, whatever their nature, whether internal or external, the latter involving disclosures to public bodies and institutions. This tool manages to centralise in a single system most of the information corresponding to the accounting for the individual financial statements of the subsidiaries making up the Group. The system is centrally managed and it uses a single accounting plan, and the information is automatically loaded into this consolidation system from SAP.

The internal accounting policies, procedures and standards related to the account closing, reporting and consolidation processes are described in the Group's Economic and Financial Manual, which also details the information that must be furnished for consolidation purposes and defines the basic documents / forms to be used for that purpose.

Additionally, for the annual close and in order to publish the annual financial report, the General Manager of Administration sends out by email the plan for closing the year, which includes a series of instructions for those responsible for providing the relevant financial information. The Administrative Coordination Division will establish, clarify or extend said instructions whenever it is required.

FCC Group is made up by a large number of companies operating in different countries and it is obliged to prepare its consolidated financial statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union, as detailed in the Group's Economic and Financial Manual. This manual establishes, in its first chapter, the accounting basis that should apply for FCC Group, enabling the preparation of the Group's annual consolidated financial statements, together with any other financial statements and reports that are to be disclosed from time to time. In FCC Group's subsidiaries, joint ventures and associated companies, wherever what has been established cannot be applied, the necessary information must be available in order to homogenise the reporting by introducing the relevant adjustments, so that the resulting information complies with the established criteria. In order to homogenise FCC Group's economic and financial reporting according to international standards, financial statement models and a corporate accounting table have been developed, and these are also included in the Economic and Financial Manual.

Another one of the procedures for gathering financial information is the implementation of a tool in a SAP environment, which allows FCC Group's Corporate Finance division to compile the complete information of the entire FCC Group and its bank or non-bank relations, such as financial lease companies or insurance companies, for the issuance of guarantees for both domestic and international companies, provided that those companies are consolidated by global integration or by the equity method.

F.5 Supervision of the system's functioning

Disclose, identifying the main characteristics, whether you have:

F.5.1 The ICFRS supervision activities performed by the Auditing Committee, and whether the company has an Internal Auditing function authorised to support the Committee in its task of supervising the Internal Control System, including ICFRS. Information will also be given on the scope of the ICFR system evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.

FCC Group's Internal Auditing Basic Standards, in their third section, state that the purpose of the General Internal Auditing and Risk Management is to provide the Board of Directors, via the Audit and Control Committee, and the Senior Executives of FCC Group, with whom it actively collaborates, with the effective supervision of the Internal Control System, by exercising a unique and independent governance function aligned with professional standards, contributing to Good Corporate Governance, verifying the proper compliance with applicable regulations, both internal and external, and reducing to reasonable levels the possible impact of the risks in achieving the objectives of FCC Group.

The General Internal Auditing and Risk Management Department has the fundamental mission of enabling the Audit and Control Committee to fulfil its functions and responsibilities. To this end it is structured into two independent areas:

– General Internal Auditing.

– Risk Management and Compliance Department.

Through these it must:

– Assist the members of the Group's Organisation, furnishing them with analyses, recommendations, advice and information on the activities reviewed. Report any incidents that are detected to Senior Management and recommend corrective actions.

– Comply with the Annual Auditing Plan, reporting from time to time on the evolution thereof.

– Fulfil any other functions entrusted by the Audit and Control Committee.

The Internal Auditing area, in order to evaluate and ensure that the financial information that is prepared is correct and suitable for FCC Group, has the entire FCC Group as its scope in respect of:

- Reviewing the reliability and integrity of the economic-financial information, both internal and external, by reviewing the (separate and consolidated) accounting information, the Management Reports and the financial information disseminated to the markets from time to time, evaluating that they are correct and reliable, in compliance with the law in force, and that the generally accepted accounting principles are applied correctly. Suggesting internal control measures to enable compliance with standards for the preparation and disclosure of financial reports.
- Review of the systems and operations to check the compliance with the policies, procedures and regulations approved by the Management, aside from compliance with the laws in force, it must also check the sufficiency and effectivity of the internal control systems, issuing suggestions for improvement.
- Checking that assets really exist and the systems guaranteeing the integrity and safeguarding thereof.
- Reviewing the application and effectivity of the risk management and compliance procedures.
- Supervising the work of the external auditors, asking for and receiving information on any aspects related to the progress of the audits, acting as a communication channel between the external auditors and the Audit and Control Committee, submitting the conclusions of the review by the external auditors and, especially, any circumstances that might jeopardise their independence. They shall also make proposals on the appointment of the external auditors to enable the Audit and Control Committee to meet its obligations with the Board of Directors.
- Supporting the different areas in their technical relations, control and monitoring with external auditors.

On the other hand, the Risk Management and Compliance Department, in order to supervise the efficiency of the internal controls, evaluate their adequacy and effectiveness, ensure the fulfilment of legal requirements and the evaluation and improvement of risk management processes, has the entire FCC Group as its scope in respect of:

- Coordinating and managing the implementation process of the Integrated Risk Management Model in FCC Group, which will contribute to a significant improvement of the Group's internal control, aiming to comply with the strategy it defines from time to time.
- Reviewing the key procedures, ensuring the incorporation of sufficient controls to enable the attainment of the goals set by the Board.
- Establishing a management system for compliance of regulations, together with an architecture of responsibilities mitigating the criminal liability of the legal person.

The General Internal Auditing and Risk Management will act independently of the management areas. A resolution of the Board of Directors, passed on 26 October 2004, established that the General Internal Auditing and Risk Management is functionally dependent upon the Audit and Control Committee and organically dependent upon the Chairperson of FCC Group. The members of the General Internal Auditing and Risk Management perform their functions independently, without sharing their responsibilities with other management areas.

The Auditing Plan (prepared pursuant to the Basic Auditing Standards) follows the plan given below:



The auditing plan does not include the tasks that may be carried out by the Internal Auditing Departments of the FCC Group listed companies Cementos Portland Valderrivas and Realia, notwithstanding the coordination tasks performed by the different Internal Auditing Departments, with the purpose of reporting to the FCC Group Audit and Control Committee the effect that the risks of said Groups may have on the consolidated financial statements of FCC Group.

According to the 2015 Auditing Plan communicated to the Audit and Control Committee on 27 February 2015, the General Internal Auditing and Risk Management has carried out the following tasks in relation to the review of the Group's internal control over financial reporting system in a number of different areas:

1. **Risk Management Department.** Development of internal control, risk management and coordination of compliance:
   - Supervision and coordination of the risk maps of the business areas, with the goal of furthering their use as a tool to control the Board's compliance with FCC Group's strategy.
   - Preparation and delivery for approval to the Audit and Control Committee of a new regulatory block related to FCC Group's governance, risk and regulatory compliance. Said block comprises the following regulatory documents in relation to the Financial Reporting Internal Control System that are scheduled to be approved by the Group's Board of Directors during 2016:
     - Corporate Governance and Internal Control System.
     - Zero Standard.
     - Risk Management Policy and System.
     - Regulatory Compliance Policy and System.
     - Criminal Compliance Policy and System.
   - Introduction of the goals resulting from FCC Group's strategy in each of the business units, which are affected by the risks materialising in the risk maps.
   - Incorporation of new control activities on risk maps.
   - Incorporation of risk indicators allowing the business units to identify risk materialisations beforehand.
   - Proposal of a liability structure in relation to compliance with internal control in each of the business units.

- Review and update of the risk holder as the person responsible for keeping risks within the levels accepted by the Board of Directors.
- Incorporation of the concept of control holder as the person responsible for the effective operation of each of the controls incorporated to the risk maps.
- Design of a compliance form including both the effective operation of control (control holder) and compliance with the accepted risk level (risk holder).
- Monitoring of the update of the risk maps in each business unit, based on the four-monthly risk materialisation reports, with the goal of ensuring at least the annual updating thereof.
- Relaunch of the business area risk committees.
- Performance and monitoring of the risk action plans: these will be developed jointly with the business areas, such that it will be possible to effectively implement action plans for the critical risks that have materialised, as recorded in the Risk Materialisation Reports. To this end there will first be a review and re-evaluation, together with the business areas, of the procedures, controls and indicators associated to these critical risks, so that the action plans are correctly leveraged into the best possible analysis of how those risks are mitigated.
- Introduction of documentary evidence of each one of the controls incorporated to the Risk Map: related to the control activities, the identification, formalisation and documentation of the information on the control holder, control frequency, type of control (manual, automatic, semi-automatic), nature of the control (preventive, detective) and detailed information on the necessary information to subsequently check that activity. Incorporation of the concept of inherent risk.
- Development of reporting risks as an independent category in business risk maps.
- Monitoring of the production risk in process incorporated to the Materialisation of Construction Risks Report.
- Preparation of work on the minimum integrity of impacts included in the risk materialisation reports and risk maps.
- For the Construction area, monitoring of the amount incorporated as a production in process risk.
- Review of the Crime Prevention and Response Manual:
  - Adaptation to new international rules and standards on governance, risk and compliance.
  - Incorporation of new requirements based on the Reform of the Criminal Code.
  - Adaptation to FCC Group's current organisational model and to the redefinition of functions.
  - Incorporation of the entry into production of the Complaints Management System.
- Proposal for updating the FCC Group Code of Ethics.
- Leadership, coordination and development of the Offence or Crime Priority Catalogue in the business areas:
  - Evaluation and monitoring of the controls associated to unlawful criminal behaviours in the business areas.
  - Development of risk indicators associated to unlawful criminal behaviours in the business areas.
  - Design of the evaluation process and the monitoring of the control activities and procedures associated to unlawful criminal behaviours in the business areas.
  - Proposal of an internal control compliance structure, together with a liabilities structure in operation: establishment of a formal system for reporting or certifying the internal controls incorporated to the risk maps, such that each business risk takes responsibility for compliance with the accepted risk level.
- Managing the Whistleblowing Channel:
  - Preparation of a homogeneous preliminary investigation form for all the members of the Response Committee that investigates what is reported through the Channel, meeting the goal of ensuring the objectivity and equality of procedures.
- Other work:
  - Self-diagnosis and evaluation of internal control in FCC Group.
  - Establishment of procedures for detecting criminal risks.

2. **General Internal Auditing.** Development of internal control, risk management and coordination of compliance:
   - Review of the information Systems supporting the Group and business area processes (SAP Integra, Incorpora, Interesa, etc.).
   - IT auditing: There have been reviews of the security model defined in SAP/Integra (the Group's financial application) and Incorpora (the Payroll application), Auditing according to ISO 27001 in the FCC Construcción and FCC Industrial areas, half-yearly reviews of SAP Integra (the FCC Group financial system) and reviews of the sick-leave process implemented in the Employee and Identity Management Master Program.
   - Review of the FCC Environment models for estimating environmental provisions.
   - Whistleblowing Channel: receiving, conserving, investigating and solving, if applicable, the complaints received through the Whistleblowing Channel.
   - Review of the internal control of the most significant provisions, judgments and estimates that are necessary to obtain financial reporting.
   - Monitoring of the information disclosed to regulators, markets and analysts in 2015:
     - Annual financial report.
     - Management reports.
     - Half-yearly financial report.
     - Quarterly reports.
     - Corporate Governance Report.
   - Monitoring of the preparation and auditing of the individual and consolidated financial Statements of FCC, S.A., as well as of the half-yearly financial statements reviewed by the external auditor.
   - Monitoring of the preparation of audited financial statements of the Group parent.
   - Monitoring of the reporting requirements to financial entities resulting from the Group's refinancing process:
     - Audited annual consolidated financial statements of the financing perimeter.
     - Half-yearly consolidated financial statements subject to limited review of the financing perimeter.
     - Annual and half-yearly certificates of compliance with the financial ratios issued by the external auditor.
   - Analysis and review of the goodwill of Group companies with indications of a loss of value of assets.
   - Monitoring of the incidents and recommendations detected in the various audits of Group companies.
   - Monitoring of the information provided by the external auditor and discussion of the weaknesses and significant conclusions identified in the course of their work.
   - Monitoring of the external auditor's independence.

F.5.2 Discussion procedure whereby the auditor (in accordance with what is provided in the NTA), the Internal Auditing function and other experts may communicate to senior management and to the Auditing Committee or Directors of the company, any significant internal control weaknesses identified during the process of reviewing the financial statements or any others entrusted to them. In addition, report whether there is an action plan to correct or mitigate the observed weaknesses.

Article 37 of the new rules of the Board of Directors of FCC establishes that the Audit and Control Committee will have the following powers:

- Liaising between the Board of Directors and the Company's external Auditor, evaluating the results of each audit, with the following additional duties with respect to the external Auditor:
  - Making recommendations to the Board for the selection, appointment, re-appointment and replacement of the external auditor, and the terms and conditions of his engagement.



– Receiving regular information from the external auditor on the progress and findings of the audit programme, also checking that senior management are acting on its recommendations.

– Discussing with the external auditors any significant weaknesses found in the Internal Control System as a result of the audits conducted.

– Establishing the relevant relations with the external auditor in order to receive information on matters that may jeopardise its independence, so that it may be examined by the Committee, and any others related to the process of carrying out the audit, as well as any other disclosures provided in the auditing laws and auditing standards.

– Ensuring the independence of the external auditor, establishing, in particular, suitable measures:

1) so that contracting consultancy and advisory services with that auditor or companies of its group does not jeopardise its independence, to which end the Committee will request and will receive an annual report from the auditors confirming in writing their independence in respect of the Company or the entities directly or indirectly related to it and information on any additional services of any kind rendered to the companies by the external auditors or by persons or entities related to the auditors, as provided for in the Auditing Act; and

2) the Company issues a relevant event to the CNMV as regards the change in auditor, with a statement about any disagreements with the outgoing auditor and their nature, should there be any; where the external auditor resigns, the Committee must examine the reasons.

– Seeking to ensure that the Company's Auditor takes responsibility for auditing the companies comprising the Group.

- Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's Auditors.

The FCC Group Internal Auditing Basic Standards, in section seven, paragraph i), states that the Audit and Control Committee will be informed, via the General Internal Auditing and Risk Management and its relations with the external auditors, of the preparation process of the financial reports, of the proper application of generally accepted accounting principles, and of compliance with legal requirements and on the functioning of the internal control systems.

As stated in the preceding paragraph, the purpose of the General Internal Auditing and Risk Management is to provide the Board of Directors, via the Audit and Control Committee, and the Senior Executives of FCC Group, with the effective supervision of the Internal Control System. This objective consists of furnishing the senior management of FCC Group with an independent opinion on the organisation's ability to achieve its objectives, by means of a systematic and methodological approach towards the evaluation, management and enhancement of the effectiveness of these processes:

- Risk Management: processes used by Management to identify, evaluate and respond to the potential risks that may affect whether the organisation fulfils its business plans set out in the Strategic Plan.

- Internal Control: the policies, standards, procedures and activities making up the control system established by FCC Group to ensure the proper management and risk reductions.

As detailed in the preceding section, heading 9 of the Group's Internal Auditing Basic standard establishes, among the functions and powers of Internal Auditing, that of assisting members of the Group's organisation, providing them with analyses, recommendations, advice and information on the activities reviewed. Any incidents that are detected are to be reported to management, also recommending corrective actions.

With the purpose of ensuring that the financial reports submitted to the Audit and Control Committee have been prepared according to generally accepted accounting principles and that they offer a true and fair view of the state of affairs of FCC Group, the General Internal Auditing and Risk Management performs a number of processes for the review of the accounting information (both separate and consolidated), the management reports and the financial reports disclosed to the markets from time to time.

At present, FCC Group's General Internal Auditing and Risk Management reports to the Audit and Control Committee from time to time any significant internal control weaknesses identified during the performance of their tasks, giving recommendations to adequately correct them. In 2015, General Internal Audit and Risk Management attended all eight meetings of the Audit and Control Committee and issued twelve reports.

In addition, the Audit and Control Committee receives the explanations given by the General Manager of Finance and the General Manager of Administration.

Additionally, the Group's auditor has direct access to the Group's Senior Executives, and has meetings with them from time to time, both to obtain the information needed to perform his work and to communicate any control weaknesses detected. The external auditors present the conclusions of their reviews to the Audit and Control Committee at least three times a year, detailing the internal control weaknesses that have come up while reviewing the Group's financial statements, including any aspects they consider relevant.

F.6 Other relevant information

N/A

F.7 Report by the external auditor

Report on:

F.7.1 If the ICFRS information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Appendix. Otherwise, the reason why said report is not available must be explained.

The information included here on the Financial Reporting Internal Control System was reviewed by the external auditor, and the report thereof is attached as an Appendix to this document.

G. Degree of Compliance with Corporate Governance Recommendations

State the Company's degree of compliance with the recommendations of the Unified Code of Corporate Governance for listed companies.

In the event of not complying with some recommendations or only partial compliance, include a detailed explanation of the reasons so that the shareholders, investors and the market at large may have sufficient information to assess the Company's procedures. General explanations will not be acceptable.

1. **The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of share purchases on the market.**

Compliant ☒ Explain ☐

2. **When a parent and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**

a) **The type of activities they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;**

b) **The mechanisms in place to resolve possible conflicts of interest.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

Article 7.2 of the Rules of the Board of Directors of FCC states that "In any event, through the passing of resolutions which must be approved in each case as stipulated by law and the Articles of Association, the plenary Board of Directors has exclusive powers over the following formal list of matters, which are established as a formal catalogue of matters reserved to the Board which may not be delegated:

m) Defining the structure of the Group of which the Company is the parent and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the CEO , and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the Group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise."

3. **During the celebration of the Annual General Meeting, supplementing the dissemination in writing of the Annual Corporate Governance Report, the Chairperson of the Board of Directors should verbally inform the shareholders, in sufficient detail, of the most relevant aspects of the Company's corporate governance, in particular:**

   a) The changes that have taken place since the previous Annual General Meeting.

   b) The specific reasons why the Company does not follow one or more recommendations of the Code of Governance and the alternative rules applied in this matter, if any.

Compliant ☐ Partially compliant ☐ Explain ☒

The Company is considering the implementation of the recommendations of the Code of Good Governance of listed companies of February 2015, for the parts where it does not comply.

4. **The Company should define and foster a policy on disclosures and contacts with shareholders, institutional investors and vote advisors that is fully respectful of the rules against market abuse, giving similar treatment to shareholders in the same position.**

   The Company should publish that policy on its website, including information on how it has been put into practice and identifying the interlocutors or persons in charge of executing the policy.

Compliant ☐ Partially compliant ☐ Explain ☒

Thus far the Board of Directors has not considered it necessary to set down in writing the relationship model and rules governing its communication policy with shareholders, which is based on the general rules in force for the prevention of market abuse and for equal treatment to shareholders according to their level.

5. **The Board of Directors does not submit to the General Meeting a proposal on the delegation of powers, for the issuance of shares or convertible securities excluding pre-emptive subscription rights, for an amount in excess of 20% of the share capital at the time of delegation.**

   When the Board of Directors approves an issuance of shares or convertible securities excluding pre-emptive subscription rights, the Company must immediately publish on its website the reports on said exclusion mentioned in commercial legislation.

Compliant ☒ Partially compliant ☐ Explain ☐

6. **The listed companies drawing up the reports stated below, whether by obligation or voluntarily, should publish them on their website sufficiently ahead of the Annual General Meeting, even though dissemination thereof may not be compulsory:**

   a) Report on the Independence of the auditor.

   b) Reports on the operation of the Audit Committee and the Appointment and Remuneration Committee.

   c) Report of the Audit Committee on transactions with related parties.

   d) Corporate social responsibility policy.

Compliant ☒ Partially compliant ☐ Explain ☐

7. **The Company should broadcast live its General Meetings of Shareholders via its website.**

Compliant ☐ Explain ☒

The Directors of FCC are considering a number of possibilities or solutions in this respect.

8. **The Audit Committee should see to it that the Board of Directors submits its financial statements to the General Meeting of Shareholders without any limitations or qualifications on the audit report and, in the exceptional event there are any qualifications, both the Chairperson of the Audit Committee and the auditors must clearly explain to the shareholders the contents and scope of those limitations or qualifications.**

Compliant ☒ Partially compliant ☐ Explain ☐

9. **The Company must publish on its website, on a permanent basis, the requirements and procedures it will accept for accrediting title to shares, the right of attendance at the General Meeting of Shareholders and the exercise or delegation of voting rights.**

Said requirements and procedures are to favour attendance and the exercise of shareholder rights and are to be applied in a non-discriminatory manner.

Compliant ☒ Partially compliant ☐ Explain ☐

10. **When an authorised shareholder, prior to the General Meeting of Shareholders, has exercised the right to complete the agenda or submit new resolution proposals, the Company:**

a) Must immediately disseminate the supplementary items and new resolution proposals.

b) Must publish the attendance card form or vote delegation or remote voting form with the necessary amendments so that the new items on the agenda and alternative proposals may be voted under the same terms as proposed by the Board of Directors.

c) Must submit all those items or alternative proposals to vote and must apply the same voting rules as those drawn up by the Board of Directors, including in particular the assumptions or deductions on the direction of a vote.

d) Subsequent to the General Meeting of Shareholders, it must communicate the breakdown of the vote on said supplementary items or alternative proposals.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

11. **If the Company plans to pay premiums for attending the General Meeting of Shareholders, it must establish beforehand a general policy on premiums and said policy must be stable.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

12. **The Board of Directors should perform its duties with unity of purpose and independent judgement, affording all shareholders the same treatment. It should be guided at all times by the Company's best interest and, as such, strive to maximise its value over time in a sustained manner.**

In seeking the corporate interests, besides respecting the law and regulations and a behaviour based on good faith, ethics and the respect for generally accepted usage and good practice, it must reconcile, where applicable, the corporate interests with the legitimate interests of its employees, suppliers, clients and other stakeholders involved, as well as caring for the impact of the Company's activities on the community at large and on the environment.

Compliant ☒ Partially compliant ☐ Explain ☐

13. **In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise between five and fifteen members.**

Compliant ☒ Explain ☐

14. The Board of Directors must approve a Director selection policy that:

a) Is specific and can be verified.

b) Ensures that the appointment or re-election proposals are grounded on the prior analysis of the needs of Board of Directors.

c) Favours the diversity of know-how, experience and gender.

The results of the prior analysis of the needs of the Board of Directors are to be included in the report of the Appointments and Remuneration Committee published when calling the General Meeting of Shareholders where the appointment or re-election of each Director is to be ratified.

The Director selection policy must foster the goal of having female Directors representing at least 30% of the total members of the Board of Directors in the year 2020.

The Appointments Committee will verify the fulfilment of the Director selection policy annually and it will be reported in the Annual Corporate Governance Report.

Compliant ☒ Partially compliant ☐ Explain ☐

15. External Directors, both proprietary and independent, should occupy an ample majority of Board places, while the number of Executive Directors should be the minimum practical, bearing in mind the complexity of the corporate Group and the ownership interests they control.

Compliant ☒ Partially compliant ☐ Explain ☐

16. Among external Directors, the ratio between proprietary and non-executive members should match the proportion between the capital represented on the Board by these Directors and the remainder of the Company's capital.

This criterion may be relaxed:

a) In large capitalization companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the Board of Directors that are not otherwise related.

Compliant ☒ Explain ☐

17. The number of independent directors should represent at least one half of all Board members.

However, when the Company is not a company with high market capitalisation or, being so, it has one shareholder or several shareholders acting together who control over 30% of the share capital, the number of independent directors must represent at least one third of the total Directors.

Compliant ☐ Explain ☒

FCC has three independent directors among its eleven members, which represents 30% of total directors.

18. Companies should post the following particulars on the Directors on their websites, and keep them permanently updated:

a) Professional experience and background.

b) Other Boards of Directors on which they are members, regardless of whether they are listed companies, and any other remunerated activities they may perform regardless of their nature.

c) An indication of the Director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

d) The date of their first and subsequent appointments as a Company Director, and;

e) Shares held in the Company and any options thereon.

Compliant ☒ Partially compliant ☐ Explain ☐

19. The Annual Corporate Governance Report should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

20. Proprietary Directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to appoint proprietary directors, the latter's number should be reduced accordingly.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure they had been appointed for, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, there shall be deemed to be a just cause when the Director takes new positions or obligations preventing him/her from dedicating the necessary time to perform the functions of a Director, breaches the duties inherent to the office or incurs circumstances which make him/her lose independent status, according to what is established in the applicable laws.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction leads to changes in the Company's capital structure, when such changes in the structure of the Board of Directors are prompted by the proportionality criterion stated in Recommendation 16.

Compliant ☒ Explain ☐

22. Companies should establish rules obliging Directors to inform the Board of any circumstance that might harm the Company's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

The moment a Director is indicted or tried for any of the crimes stated in corporation law, the Board should examine the matter as soon as possible and, in view of the particular circumstances, it shall decide whether that Director should remain in his position or not. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

Compliant ☒ Partially compliant ☐ Explain ☐

23. All Directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other Directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions, and if he or she decides to resign, the reasons must be explained in a letter as regards the following recommendation.

The terms of this recommendation should also apply to the Secretary of the Board, regardless of whether he or she has Director status.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

24. Directors who resign from office before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all the members of the Board. Irrespective of whether such resignation is filed as a relevant event, the reason for the same must be explained in the Annual Corporate Governance Report.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

25. **The Appointments Committee should ensure that non-executive directors have enough time available to properly perform their functions.**

    The Rules of the Board must establish the maximum number of Boards on which its Directors may be members.

Compliant ☒ Partially compliant ☐ Explain ☐

26. **The Board should meet with the necessary frequency to properly perform its functions, and at least eight times a year, in accordance with a calendar and agendas set at the beginning of the year, to which each Director may propose the addition of other items not considered initially.**

Compliant ☒ Partially compliant ☐ Explain ☐

27. **Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When a Director cannot attend a meeting, they must appoint a proxy with instructions.**

Compliant ☒ Partially compliant ☐ Explain ☐

28. **When Directors or the secretary express concerns about some proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the Board meeting, the person expressing them can request that they be recorded in the minute book.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

29. **The Company should provide suitable channels for Directors to obtain suitable advice for the performance of their functions, extending it in special circumstances to external assistance at the Company's expense.**

Compliant ☒ Partially compliant ☐ Explain ☐

30. **Regardless of the know-how required of Directors to perform their functions, Directors should also be offered refresher programmes by their companies when circumstances so advise.**

Compliant ☒ Partially compliant ☐ Explain ☐

31. **The agenda of meetings must clearly indicate the items on which the Board of Directors must adopt a decision or resolution so that Directors may study or gather the information they need for that purpose beforehand.**

    Whenever, exceptionally and for reasons of urgency, the Chairperson wishes to submit for approval to the Board of Directors decisions or resolutions that are not included on the Agenda, the prior and express consent of the majority of the Directors present shall be required, and this shall be duly recorded on the minutes.

Compliant ☐ Partially compliant ☒ Explain ☐

Article 34.3 of the Rules of the Board of Directors of FCC states that *"the Chairperson shall decide the agenda for the meeting. The Directors and the Board Committees may ask the Chairperson to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairperson will be obliged to include them. When a specific item is included on the meeting agenda as requested by the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members."*

32. **Directors must be informed from time to time of shareholder movements and the opinion of significant shareholders, investors and ratings agencies on the Company and its Group.**

Compliant ☒ Partially compliant ☐ Explain ☐

33. The chairperson, as the person in charge of the efficient operation of the Board of Directors, aside from exercising the functions entrusted to him/her by law and the bylaws, must prepare and submit to the Board of Directors a programme of dates and matters to be discussed; organise and coordinate the periodic evaluation of the Board and, as the case may be, of the CEO; must be responsible for managing the Board and that it operates effectively; makes sure that enough time is dedicated to discussing strategic matters, and agrees to and reviews the programmes for refreshing each Director's know-how, when the circumstances so advise.

Compliant ☒ Partially compliant ☐ Explain ☐

34. When there is a coordinating Director, the Bylaws or the Rules of the Board of Directors, aside from the powers legally entrusted to him/her, must attribute the following to him/her: preside over the Board of Directors in the absence of the chairperson and the vice-chairpersons, if there are any; to take stock of the concerns of the non-executive directors; to be in contact with investors and shareholders to know their points of view in order to build an opinion on their concerns, in particular, in relation to the Company's corporate governance; and to coordinate the plan for the succession of the chairperson.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

35. The Secretary of the Board of Directors must especially oversee that the actions and decisions of the Board of Directors take into account the recommendations on good governance included in this Code of Good Governance that are applicable to the Company.

Compliant ☒ Explain ☐

36. The Board in full should evaluate the following items on a yearly basis, adopting, where applicable, an action plan to correct the deficiencies detected in respect of:

a) The quality and efficiency of the Board's operation.

b) The operation and composition of its Committees.

c) The diversity in the composition and powers of the Board of Directors.

d) The performance of the chairperson of the Board of Directors and of the Company's CEO.

e) The performance and contribution of each Director, paying special attention to those in charge of the different Board Committees.

To evaluate the different committees, the reports they submit to the Board of Directors will be used, and the Board itself will be evaluated based on the report submitted by the Appointments and Remuneration Committee.

Every three years, the Board of Directors will be assisted for its evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

The business relations between the consultant and the Company or any of the Group companies must be detailed in the Annual Corporate Governance Report.

The process and the areas that are evaluated will be described in the Annual Corporate Governance Report.

Compliant ☒ Partially compliant ☐ Explain ☐

37. When there is an Executive Committee, the representation of the different Director categories must be similar to that of the Board of Directors itself and the Secretary of the Committee must be the Secretary of the Board.

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

The Secretary of the Executive Committee coincides with the Secretary of the Board. However, there are no independent directors in the Committee, whereas there are three independent members on the Board of Directors.

38. The Board must always be informed of the matters discussed and the decisions adopted by the Executive Committee, and all the Board members must receive a copy of the minutes of Executive Committee meetings.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

39. The members of the Audit Committee, particularly its Chairperson, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters, and a majority of the members must be Independent Directors.

Compliant ☒ Partially compliant ☐ Explain ☐

40. Under the supervision of the Audit Committee, there must be a unit assuming the internal auditing function and seeing to the proper operation of the reporting and internal control systems, functionally dependent on the non-executive chairperson of the Board or of the Audit Committee.

Compliant ☒ Partially compliant ☐ Explain ☐

41. The head of the internal auditing unit should present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Compliant ☒ Partially compliant ☐ Explain ☐

42. Aside from those provided by Law, the Audit Committee has the following functions:

1. In relation to the reporting and internal control systems:

a) Supervising the process of preparing, and the integrity of, the financial reports referring to the Company and, as the case may be, the Group, reviewing the compliance with the regulatory requirements, the adequate delimitation of the scope of the consolidated group and the correct application of the accounting criteria.

b) Monitoring the independence of unit that performs the internal audit function; proposing the selection, appointment, re-appointment and removal of the head of internal auditing; proposing the department's budget; approving the focus and work plans, making sure that its activity is geared towards the relevant risks for the company; receiving regular reports on its activities; and verifying that senior executives are acting on the findings and recommendations of its reports.

c) Establishing and supervising a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.

2. With respect to the external auditor:

a) Investigate the issues giving rise to the resignation of any external auditor, in the case thereof.

b) Make sure the remuneration of the external auditor does not jeopardise its quality or independence.

c) The Company should notify any change of auditor to the CNMV as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditor, should there be any, and the reasons for same.

d) Make sure that the external auditor meets annually with the plenary Board of Directors to report on the work carried out and on the evolution of the Company's accounting and risks situation,

e) Make sure that the Company and the external auditor respect the rules in force on the performance of services other than auditing services, the limits on the auditor's concentration of business and, generally, any other rules on the independence of auditors.

Compliant ☒ Partially compliant ☐ Explain ☐

43. The Audit Committee should be empowered to meet with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant ☒ Partially compliant ☐ Explain ☐

44. The Audit Committee is to be informed of any structural or corporate amendments planned by the Company so that it can analyse and submit a report to the Board of Directors beforehand on the economic conditions and impact on the accounts, especially on the proposed exchange equation, if applicable.

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

The Company is considering the implementation of the recommendations of the Code of Good Governance for listed companies where it is not compliant.

45. The Control and risk management policy should specify at least:

a) The different types of risk, both financial and non-financial, (operational, technological, legal, company, environmental, political, reputational, etc.) to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks.

b) Establishing the risk level that the Company deems acceptable.

c) Measures in place to mitigate the impact of identified risks should they occur.

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant ☒ Partially compliant ☐ Explain ☐

46. Under the direct supervision of the Audit Committee or, as the case may be, of a specialised committee of the Board of Directors, there must be an internal function for controlling and managing the risks, exercised by a unit or department within the Company that is expressly attributed these functions:

a) Ensuring the proper operation of the risk control and management systems and, in particular, that all the important risks affecting the Company are adequately identified, managed and quantified.

b) Actively participating in the elaboration of a risk strategy and in the important decisions on managing that strategy.

c) Seeing to it the risk control and management systems adequately mitigate risks within the policy defined by the Board of Directors.

Compliant ☐ Partially compliant ☐ Explain ☒

The Company is considering the implementation of the recommendations of the Code of Good Governance for listed companies where it is not compliant.

47. The members of the Appointments and Remuneration Committee (or of the Appointments Committee and the Remuneration Committee, if they are separate) are to be appointed making it a point that they have the adequate know-how, skills and experience for the functions they are to perform, and the majority of the members should be independent Directors.

Compliant ☒ Partially compliant ☐ Explain ☐

48. Highly capitalised companies should have separate Appointments and Remuneration Committees.

Compliant ☐ Explain ☒ Not applicable ☐

The two committees that are recommended are integrated within a single Appointments and Remuneration Committee, because the Board of Directors considers that together in one Committee, it is easier for such committee to fulfil the functions with which it is entrusted.

49. The Appointments Committee should consult with the Company's Chairperson and Chief Executive, especially on matters relating to Executive Directors.

Any Board member may suggest directorship candidates to the Appointments Committee for its consideration to fill vacancies.

Compliant ☒ Partially compliant ☐ Explain ☐

50. The Remuneration Committee must exercise its functions independently and, aside from the functions it is attributed by law, it should also have these functions:

a) Proposing to the Board of Directors the basic conditions of senior management contracts.

b) Overseeing compliance with the remuneration policy set by the Company.

c) Reviewing from time to time the remuneration policy applied to Directors and senior executives, including remuneration systems including shares and the application thereof, as well as guaranteeing that their individual remuneration is proportional to that paid to other Directors and senior executives of the Company.

d) Seeing to it that any conflicts of interest do not jeopardise the independence of the external advice provided to the Committee.

e) Verifying the information on Director and senior executive remunerations included in the different corporate documents, including the annual report on Directors' remuneration.

Compliant ☒ Partially compliant ☐ Explain ☐

51. The Remuneration Committee should consult with the Chairperson and Chief Executive, especially on matters relating to Executive Directors and Senior Management.

Compliant ☒ Partially compliant ☐ Explain ☐

52. The rules on the composition and operation of the Supervision and Control Committees are to be included in the Rules of the Board of Directors and must be consistent with those applying to the legally obligatory committees according to the preceding recommendations, including:

a) They are to be made up exclusively by non-executive Directors, with a majority of independent Directors.

b) Committee Chairpersons must be independent Directors.

c) The Board of Directors shall appoint the members of the Committees, taking into account the Directors' knowledge, skills and experience and each Committee's area of competence; discuss their proposals and reports; and at the first Board meeting following each Committee meeting, should inform on the business and activities performed, and respond for the work carried out.

d) These Committees may engage external advisors when they feel this is necessary to carry out their duties.

e) Minutes must be drawn up of their meetings, and they shall be available for all the Directors.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

53. Monitoring of compliance with the rules of corporate governance, the internal codes of conduct and the corporate social responsibility policy is to be attributed to one or split across several of the Board of Director Committees, which may be the Audit Committee, the Remuneration Committee, the Corporate Social Responsibility Committee, if there is one, or a specialised committee that the Board of Directors, exercising its powers of self-organisation, decides to create for the purpose, and they will specifically be attributed the following minimum functions:

    a) Monitoring of compliance with the Company's internal codes of conduct and rules of corporate governance.

    b) Monitoring of the communication strategy and shareholder and investor relations, including small and medium shareholders.

    c) Evaluation from time to time of the Company's corporate governance system, in order for it to fulfil its mission of developing the Company's interests and take into account, as appropriate, the legitimate interest of other stakeholders.

    d) Review of the Company's corporate responsibility policy, seeing to it that it is geared to creating value.

    e) Monitoring of the corporate social responsibility strategy and practices and evaluation of the degree of compliance therewith.

    f) Monitoring and evaluation of relationships with the different stakeholders.

    g) Evaluation of everything related to the Company's non-financial risks, including operating, technological, legal, social, environmental, political and reputational risks.

    h) Coordination of the process of reporting non-financial information and diversity, in conformity with the applicable regulations and accepted international standards.

Compliant ☒ Partially compliant ☐ Explain ☐

54. The corporate social responsibility policy must include the principles or commitments voluntarily assumed by the Company in its relations with the different stakeholders, identifying at least:

    a) The objectives of the corporate social responsibility policy and the development of support instruments.

    b) The corporate strategy regarding sustainability, the environment and social matters.

    c) Specific practices in matters related to: shareholders, employees, clients, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conduct.

    d) The methods or systems for monitoring the results of applying the specific practices stated under the preceding item, the associated risks and the management thereof.

    e) The mechanisms for supervising non-financial risk, ethics and company behaviour.

    f) The channels for communication, participation and discussion with stakeholders.

    g) The responsible communication practices preventing the manipulation of information and protecting integrity and honour.

Compliant ☒ Partially compliant ☐ Explain ☐

55. The Company is to report, on a separate document or in the management report, on matters related to corporate social responsibility, using any of the internationally accepted methods for the purpose.

Compliant ☒ Partially compliant ☐ Explain ☐

56. The remuneration of Directors shall be as necessary to attract and retain Directors with the required profile and to reward the dedication, qualification and responsibility of the position, but not too high so as to jeopardise the independence of criteria of non-executive Directors.

Compliant ☒ Explain ☐

57. Variable remuneration linked to the performance of the Company and personal performance, as well as remuneration via the delivery of shares, options or share options or share-indexed instruments and long-term savings systems such as pension plans, retirement schemes and other corporate benefit systems, must be limited to executive Directors.

The delivery of shares as remuneration to non-executive Directors may be considered, but must be conditional upon their keeping them until they are no longer Directors. This shall not apply to the shares that the Director may need to dispose of, as the case may be, to meet the costs related to the acquisition thereof.

Compliant ☒ Partially compliant ☐ Explain ☐

58. In the case of variable remuneration, the remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, or other circumstances of this kind.

In particular, the variable components of remuneration:

a) Should be linked to performance criteria that are predetermined and measurable, and those criteria must consider the risk assumed to obtain a result.

b) Should foster the sustainability of the Company and include non-financial criteria suited to long-term value creation, such as compliance with the rules and internal procedures of the Company and of the risk control and management policies.

c) Are to be based on the balance between compliance with short, medium and long-term objectives, allowing the remuneration of returns for continuing performance during a sufficiently long period to appreciate their contribution to sustainable value creation, such that the measuring elements do not focus only on singular, occasional or extraordinary facts.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

59. The payment of a relevant part of the variable remuneration should be deferred for a sufficient minimum period to make sure that the previously established performance conditions have been met.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

60. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report which may reduce said earnings should be considered.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

61. A relevant percentage of the variable remuneration of executive Directors is to be linked to the delivery of shares or share-indexed financial instruments.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

62. Once the shares or share options or share rights corresponding to the remuneration systems are allocated, Directors must not transfer the ownership of a number of shares equal to twice their fixed annual remuneration, and must not exercise the options or rights till at least three years have elapsed since the allocation.

The foregoing shall not apply to the shares that the Director may need to dispose of, as the case may be, to meet the costs related to the acquisition thereof.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

63. Contractual agreements should include a clause enabling the Company to claim the refund of the variable remuneration when the payment was not adjusted to the performance conditions or when it was paid according to data that were subsequently proven to be inexact.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

64. Contract termination payments should not exceed an established amount equivalent to two years of the total annual remuneration and are not to be paid until the Company has been able to check that the Director has met the previously established performance criteria.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

H. Other Information of Interest

1. If you consider that there are any relevant principles or aspects of corporate governance in the Company or subsidiaries which have not been assessed in this report but which are necessary to include in order to provide more complete and reasoned information on the structure or governance practices of the company or group, state and explain the contents thereof below.

2. This section may include any other information, clarifications or nuances related to the previous sections of the report, insofar as they are relevant and not repetitive.

   Specifically, indicate whether the company is subject to laws other than those of Spain in the field of corporate governance and, as the case may be, include any information that it is obliged to furnish other than that required in the report herein.

3. The company may also indicate whether it has voluntarily adhered to other codes of ethics or governance, or international, industry or other codes. If applicable, identify the relevant code and the date of adherence. In particular, mention whether it has adhered to the Code of Good Tax Practice, of 20 July 2010.

Section D.3

Note:

IR FCC section A.8

Section H.3.

FCC has its own Code of Ethics, approved by the Board of Directors on 10 June 2008, subsequently reviewed in 2010 and 2012. The Group has provided employees with a Whistleblowing Channel in respect of that Code.

FCC adhered to the United Nations Global Pact on 7 May 2007.

This Annual Corporate Governance report was approved by the Board of Directors of the Company at its meeting held on 25 February 2016.

State whether any of the Directors voted against or abstained from voting the approval of the report herein.

Yes ☐ No ☒

Name or company name of the Director who has not voted in favour of this report	Reasons (against, abstention, not attended)	Explain the reasons
–	–	–

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2015

To the Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.,

As requested by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ("the Entity") and in accordance with our proposal-letter of 8 February 2016, we have applied certain procedures to the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. for 2015, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2015 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the legislation governing the auditing of financial statements currently in force in Spain, we do not express an audit opinion in the terms provided for in the aforementioned legislation.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 7/2015, of 22 December 2015.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

2. Inquiries of the personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the preparation process; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.
5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law and CNMV Circular no. 7/2015, of 22 December, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Javier Parada Pardo
25 February 2016



13 Corporate Social Responsibility Report

Alfilorios Reservoir in Asturias (Spain).



Corporate Social Responsibility Report

Alfilorios Reservoir in Asturias (Spain).

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I. FCC Group Profile

FCC Group is one of Europe's largest Citizen Services companies. Its activity focuses on three lines of business: environmental services, integrated management of the water cycle and infrastructure.

More than 55,000 employees worldwide accompany FCC each day on a road with a clear vision into the future. To this end, the company adapts to different global forces like the growth of the urban population and limited resources, seeking to offer smart services for increased efficiency and sustainability.



Mersey Bridge (UK).

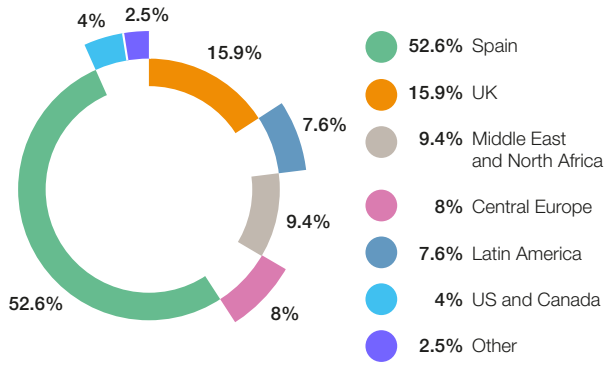
1. Main Figures

	2015	2014	Var. (%)	2013(1)
Turnover (million euro)	6,476	6,334.1	2.2%	6,750
EBITDA (million euro)	814.6	804	1.3%	717.3
Margin (%)	12.6%	12.7%	-0.1 p.p.	10.6%
EBIT (million euro)	323.8	(345.6)	-193.7%	(307.7)
Margin (%)	5%	-5.5%	10.5 p.p.	-4.6%
Business order book (million euro)	32,499.7	32,996.5	-1.5%	33,359.5
Net debt (million euro)	5,473.6	5,016	9.1%	5,964.5

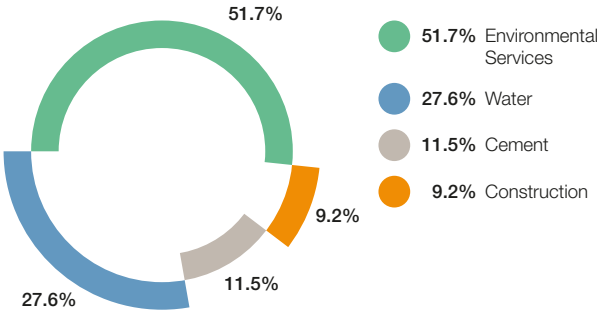
	Revenue in 2015 (million euro)	Var./2014 (%)	EBITDA 2015 (million euro)	Var./2014 (%)
Environmental Services	2,855.6	1.8%	425.3	1.7%
Water	1,033.5	8.3%	227.5	9.2%
Construction	1,992.9	-4%	75.8	-22.8%
Cement	580.4	6.9%	94.3	-10%
Corporate services and adjustments	13.6	-131%	(8.3)	-67.7%
Total	6,476	2.2%	814.6	1.3%

(1) Data restated to reflect the impact of the application of IFRS 11 "Joint Arrangements".

% Income by Geographical Areas

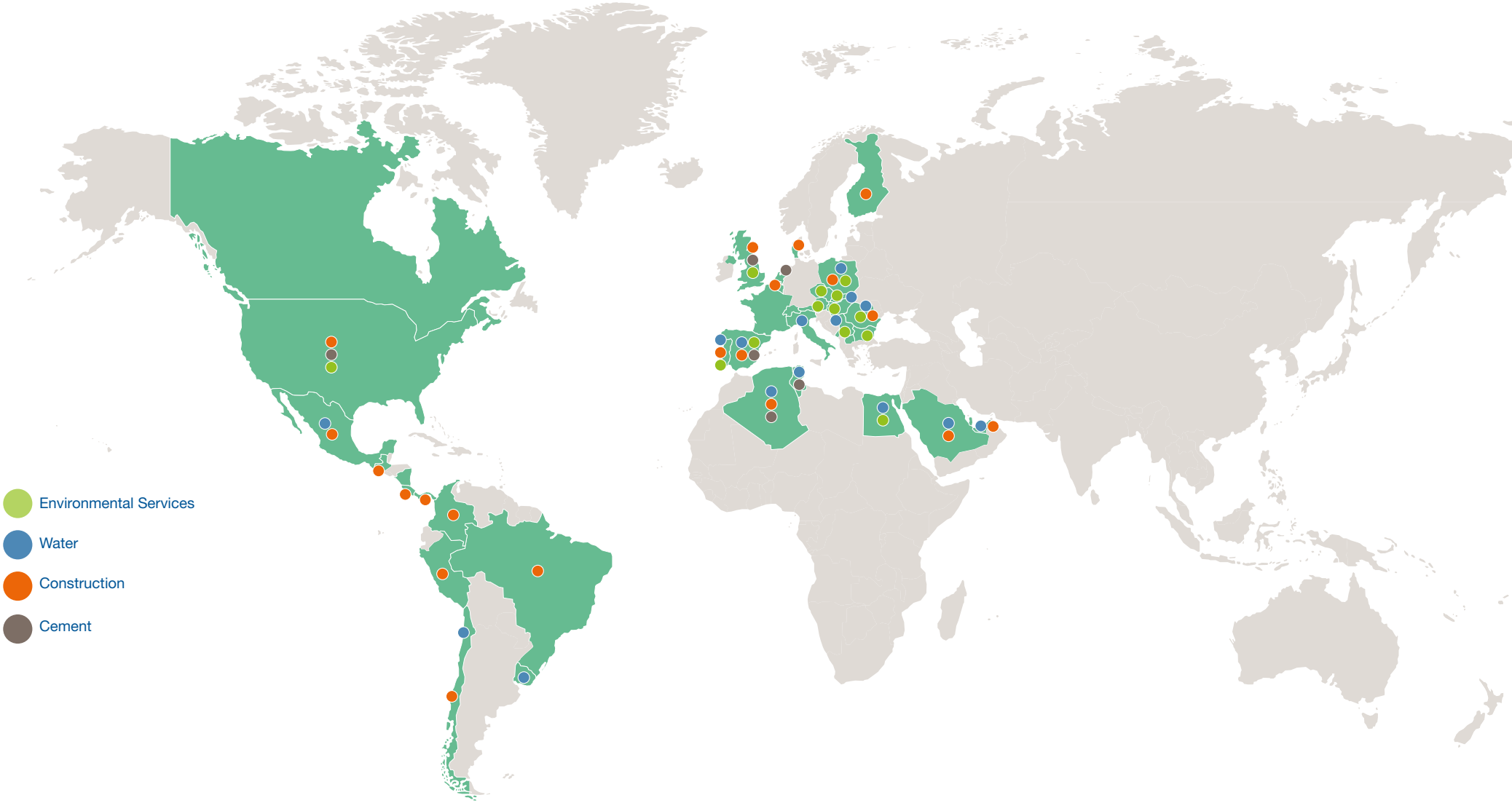


% EBITDA by Business Area*



* Adjusted by Corporate Services.

2. FCC Group Presence



3. More Stability, more Growth

2015 results and new outlooks

2015 was characterised by the recovery of FCC Group economically. The company continued its restructuring processes and strengthened its global position in the market for water and environmental services, thanks to which total revenue increased by 2.2%.

One of the main goals for 2016 is to continue to reduce the debt. In addition, it aims to maintain the growth trend in the international arena and in the business lines of environmental *utilities* (services and water), which account for 80% of the Company's gross operating profit.

It thus seeks to recover upward growth, and Company objectives include generating cash, once the process of the most significant divestments is finalised.

Strategic guidelines

- Continue reducing financial debt and boost operational efficiency to improve the Company's results after the finalisation of the divestment programme.
- Prioritise the selection of specific projects in the Construction area to ensure that those chosen are ones in which it has a competitive advantage and that will provide high profit levels.
- Consolidate the Group's leadership in the environmental services and integrated water management markets where the company operates.
- Take advantage of expansion opportunities offered by maintenance services in integrated water cycle management and "turnkey" projects required in the sector. The geographical areas with the most attention continue to be the Middle East, North Africa and Latin America, which experienced growth of over 120% last year.
- Make use of the regulatory requirements on recycling and waste treatment to boost the growth of this business in mature markets. In addition, given the upward trend globally, leverage opportunities offered by waste recovery in different geographical areas.
- Create a feeling of pride in belonging, a collective spirit and a shared sense of participating in the same project, aligning all FCC employees around an identical mission.
- Generate a culture of working as a group; not acting in silos.
- Unite efforts, create synergies and workflows.
- Necessary connection of talent and the way of doing business among between the various business areas.
- The brand and reputation are built up by the people working for FCC.
- Assign responsibility in order to demand results.

4. The Keys to Recovery

Sound and stable financial structure

In December 2015, the Board of Directors agreed to carry out a new capital increase with a total value of 709.5 million euros to strengthen the company's capital structure by reducing its level of financial indebtedness. After the repayment of the so-called tranche B of the debt, the remaining outstanding balance is around 130 million.

Thus the restructuring and financial stabilisation process begun years ago in the Company continues so that FCC Group will be able to continue to make progress on its way to growth. The balance sheet strength and soundness provided by the funds obtained have resulted in an increase in results thanks to the reduced financial burden and improved reputation.

Growth of environmental utilities: services and water

Following the strategic guidelines and expectations set by FCC Group, the Environmental Services and Water businesses are the company's largest source of growth, with an increase of 1.7% and 9.2% respectively. The contribution of the so-called environmental utilities already accounts for almost 80% of the company's gross operating profit.

Also important is the Group's international footprint, which now accounts for 47.4% of FCC's total revenues after an increase of 9.8% during the past year. In this area, special attention should be given to the water services, which have experienced an increase of 39.5% in the international market thanks to some of their largest projects to date.

International projection

During 2015 FCC Group was awarded several international projects including:

Design, construction and operation of the treatment plant in Abu Rawash (Egypt)

The consortium led by FCC Aqualia division works on the design, construction and operation of the Abu Rawash wastewater treatment plant in Cairo (Egypt). This project, with a business portfolio valued at 2,400 million euros, is the largest in Aqualia's history and FCC Group's third largest project currently being executed. After commissioning, the plant will have the capacity to treat 1.6 million cubic metres of water daily and will serve 5.5 million people.

FCC Aqualia was already present in Egypt with the operation of the New Cairo wastewater treatment plant for a period of twenty years. Thus FCC's presence in North Africa is consolidated and demonstrates an awareness of the importance of sewerage and water purification, one of the Millennium Development Goals (MDGs).

Construction project for the Riyadh Metro (Saudi Arabia)

One of FCC Group's biggest projects is the Riyadh Metro (Saudi Arabia), whose works began in April 2014. This project is the world's overall largest metro project to date, with a total length of 176 kilometres and a total budget of 6,000 million euros for Lines 4, 5 and 6.

FCC is aware of the importance of the project in the Kingdom of Saudi Arabia's capital, which has a total population of 5.7 million people that is estimated to rise to 8.3 million over the next fifteen years, with around 7.4 million daily trips.

Thus the Riyadh Metro puts FCC on the global vanguard of cutting-edge citizen infrastructure and greatly increases the impact of its activity.

Waste collection in Orange County and waste recycling in Dallas (USA)

The award of the tenders for waste collection in Orange County (Florida) and for the management of recyclable waste in Dallas, as well as the management of biosolids in Houston in late 2014 shows the consolidation of the company's activities in North America, which provide the experience of over a hundred years in the field of environmental services.

The award of the tender for the municipal solid waste collection service in Orange County is the first of its kind to be won by a Spanish company in the United States. The contract is for a total of 85 million euros and will have a direct impact on 400,000 county residents, who generate on average 100,000 tonnes of waste annually in 83,000 homes in the area.

Meanwhile, the FCC's Urban Services Division will design and operate a plant to handle recyclable waste from the city of Dallas for 15 years (which can be extended to 25) for a total volume that would reach up to 270 million euros. This plant will recycle for sale tonnes of paper, cardboard, glass, plastic, metal and all kinds of recyclable material generated by the citizens of Dallas. The Group now has more than fifty available facilities currently spread across various countries that provide it with experience for a proposal of this value that will be attractive in the United States.

Toyo tunnel project in Colombia

FCC leads the consortium that was awarded the contract for the design, construction, operation and maintenance of the Toyo tunnel in the Port of Uraba. The project has a budget of 392 million euros and an execution period of ten years.

The project involves the construction of a 40.84 kilometre section of a new route that is planned to facilitate the connection between Medellin and the Uraba region, reducing the travel time from six hours to three and a half. Of the 12.3 kilometres of tunnel included in the technical drawings, 9.8 are for the Toyo tunnel. When complete, this infrastructure will be the largest of its kind in Colombia.

The ten largest contracts being executed by FCC Group

Project	Country	Value of the project
Riyadh Metro	Saudi Arabia	6,070 million euros
Lima Metro	Peru	3,800 million euros
Abu Rawash wastewater treatment plant	Egypt	2,400 million euros
Line 1 of the Panama Metro	Panama	1,112 million euros
Relizane - Tissemsilt railway line	Algeria	934 million euros
Three railway projects - Transylvania line	Romania	830 million euros
Mersey Bridge	United Kingdom	700 million euros
Waste management in Edinburgh and Midlothian	United Kingdom	600 million euros
Gerald Desmond Bridge	USA	540 million euros
Doha Metro	Qatar	500 million euros

This award replaces the newly opened control tower in El Dorado (Colombia) and maintains the close relations between FCC Group and Colombia. This relationship is embodied in the constitution of the Spain-Colombia Council Foundation headed by Esther Alcocer Koplowitz, chairwoman of FCC Group.

Line 2 of the Panama Metro

FCC Group, in partnership with the Brazilian company Odebrecht, has been awarded the contract for the construction of Panama City's Metro Line 2, with a total value of 1,857 million euro. Consequently, this project is the fourth-largest currently underway for FCC Group, just behind the recent award of the Abu Rawash wastewater treatment plant (Egypt).

The project's significance is reflected in visits by various political representatives. FCC executives explained to both the Minister of Civil Works Ana Pastor and to the president of the Panama Metro Roberto Roy the characteristics of the new Line 2 and other noteworthy works the Company is executing in the country, including the construction of Metro Line 1.

Thus the Company continues to expand its activities in this Central American country, increasing the impact of its activity on the 500 thousand inhabitants of the East Sector of Panama City.

II. Main Lines of Business

1. Environmental Services

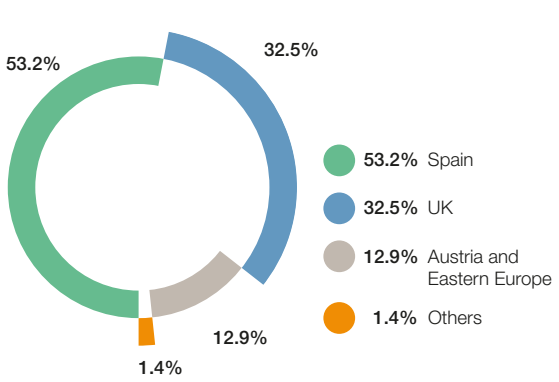
An offer of responsible and sustainable services

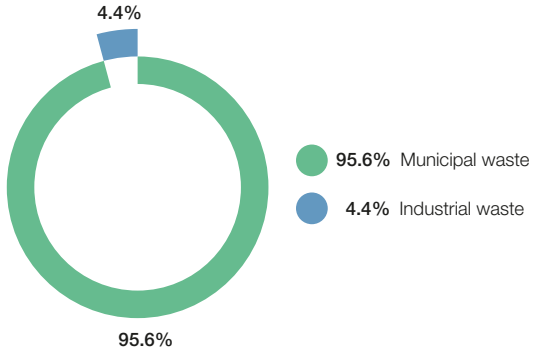
FCC Group's Environmental Services division minimises the Company's environmental impact by applying the latest technologies across its range of services for the collection, treatment and disposal of urban solid waste, street cleaning, maintenance of sewerage networks and conservation of green spaces.

- Service to more than **50 million people** in **13 countries**
- **Twelve million** tonnes of municipal waste collected

- **Turnover:** 2,856 million euros
- **EBITDA:** 425 million euros
- **Business order book as of 31 December 2015:** 11,826 million euros

Revenue by geographical area and business segment





Impact indicators:

- **Over 120** treatment and waste disposal facilities
- **20 million** tonnes of urban waste processed
- **10,000 kilometres** of sewers managed
- **4,369 hectares** of parks maintained in Spain

Featured project

Contract for street cleaning in San Sebastian



FCC Environment works with the San Sebastian City Council offering a newly designed service focused on the latest technologies, productivity and quality which is socially and environmentally responsible.

A trained workforce

FCC has established a comprehensive training plan to ensure responsible environmental management. Through the plan, FCC aims to make its workers ambassadors of good social and environmental practices.

Environmental commitment: supporting the green growth of the city

In response to the expectations of its stakeholders, FCC has designed a range of technologically interconnected services that are increasingly efficient in terms of productivity and offer better ergonomics for its workers.

The company has implemented a number of measures to save energy and reduce GHG emissions, to reduce consumption of water from the network, encourage selective collection and sorting waste at its source and enhance urban biodiversity.

Interconnectivity between services provided: quantify, optimise, communicate

FCC has implemented computerised control systems and communication services. This will make it possible to generate databases and to establish indicators for good management of the services in order to optimise useful information for the Company's stakeholders.

Connecting with citizens

The objective of FCC Environment is to achieve integrated and integrating environmental management that involves citizens and transforms a service of general interest into a matter involving everyone with shared responsibilities:

1. To integrate environmental considerations into operational management: integrated sustainable environmental management.
2. To have indicators that convey environmental information that is relevant and understandable (*Smart&Human Service*).
3. Share information to raise awareness: get citizens involved.
4. Encourage the emergence of best practices. Make responsible, train: an eco-efficient workforce.
5. To anticipate risks and opportunities: urban resilience, adaptation to climate change, low-carbon economy, role of biodiversity in the city of the future (ecosystem services).
6. Intensify public-private collaboration: sustainability, a matter for all with shared responsibilities (customer satisfaction, consolidate the results).



2. Water Management

A range of solutions that add value

FCC Aqualia offers the market all solutions to fulfil the needs of institutions and public and private organisations in all stages of the integrated water cycle, optimising resources for sustainable development and for all uses: human, agricultural or industrial.

Providing services to over
23.6 million people
in **22 countries**

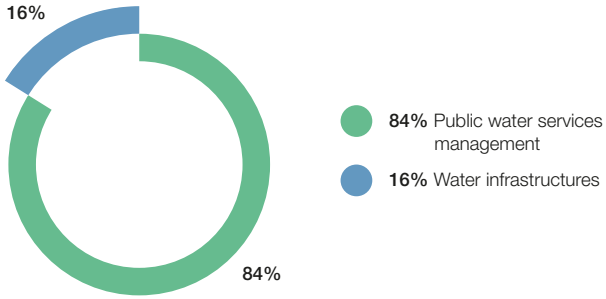
618,463,970 cubic meters
of drinking water generated

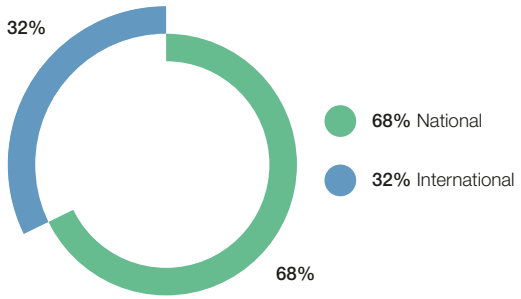
Turnover:
1,033 million euros

EBITDA:
227 million euros

Business order book as of 31 December 2015:
14,444 million euros

Revenue by geographical area and business segment





Impact indicators:

70,577 kilometers
of managed network

23.1 million euros
in infrastructure investment

Over 200
wastewater treatment stations for drinking water

Over 300
treatment plants operated

1,085,781
quality determinations

Featured project

Hadda and Arana wastewater treatment plants (Saudi Arabia)

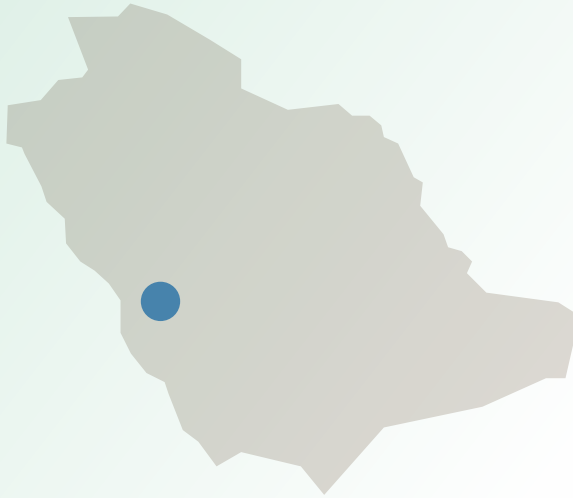
FCC Aqualia has been awarded, in consortium with another local company, the contract for the operation and maintenance of the two largest wastewater treatment plants in Mecca (Saudi Arabia).

The Hadda and Arana treatment plants process an average flow of 250,000 cubic metres and a maximum flow of 375,000 cubic metres. The contract lasts for three years and the project's business portfolio is 20 million euros.

Mecca has a stable population of 1.5 million, which is increased significantly by the visits of pilgrims. An estimated thirteen million annual visits occur, and the maximum point of influx during the month of Ramadan (in the Hajj festival) is four or five million people. This situation causes the flows to present very significant variations when they arrive at the treatment plants.

This project is part of the programme being implemented by the Saudi Arabian authorities that aims to transform and modernise the management of the water cycle in the country.

The consortium between the two companies will be responsible for the operation and maintenance of the facilities and treatment units, including workshops, laboratories, electrical installations, the condition of the service roads, security systems, water supply, sanitation and drainage within facilities, the environmental maintenance of the facilities, the laboratory equipment and the analyses.



3. Infrastructure

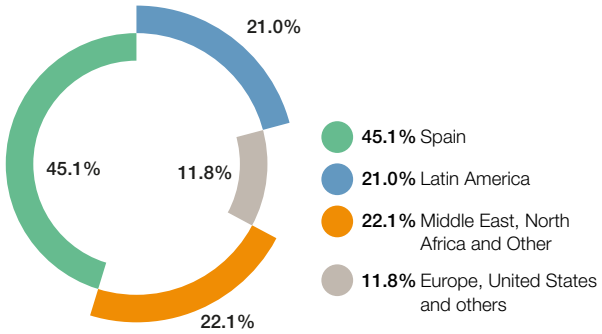
Solutions focused on social progress and sustainable development

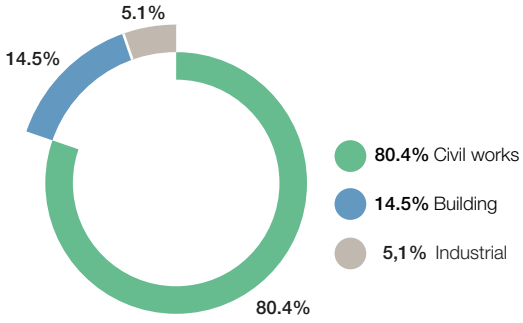
FCC Construcción is a reference in the execution of engineering and construction of civil works and in building. The Company also has proven experience in implementing projects under concession and, in addition, it also has a group of companies dedicated to the industrial and energy sectors and to related activities in the construction sector.

- Civil engineering, building and industrial construction services in **18 countries**
- **50** new contracts

- **Turnover:** **1,993 million euros**
- **EBITDA:** **76 million euros**
- **Business order book as of 31 December 2015:** **6,230 million euros**

Revenue by geographical area and business segment





Impact indicators:

- **7.85 million** euros investment in R+D+i
- **1,175 million** euros in purchasing and subcontracting costs

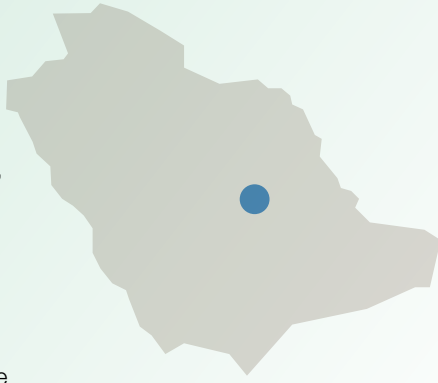
Featured project

Riyadh Metro (Saudi Arabia)

This project is the world's overall largest metro project to date, with a total length of 176 kilometres and a total budget of 16,300 million euros.



Riyadh Metro (Saudi Arabia).



FCC leads the contract awarded to the FAST consortium, which won the design and construction of Lines 4 (Orange), 5 (Yellow) and 6 (Purple), which comprise 25 stations, for which a total of 65 kilometres of track will be required: 24 km of viaducts, 28 km of underground lines and 13 km of over-ground lines. In addition, 69 automatic driverless trains will also be manufactured to serve the three lines.

The project began in April 2014 and has a five-year deadline for completion.

The world's largest metro project

The six lines that make up the overall project of the Saudi capital's metro will have a total length of 176 kilometres, which makes it the largest suburban project in the world today. For its construction, 600,000 tonnes of steel, 4.3 million cubic metres of concrete and over 60,000 workers will be required.

The project represents an opportunity to transform Riyadh. The new transport infrastructure will reduce traffic congestion, strengthen and boost the economy of the Kingdom of Saudi Arabia and improve the quality of life of its citizens.

III. CSR at FCC Group

A decade of corporate social responsibility management in FCC (2005-2015)

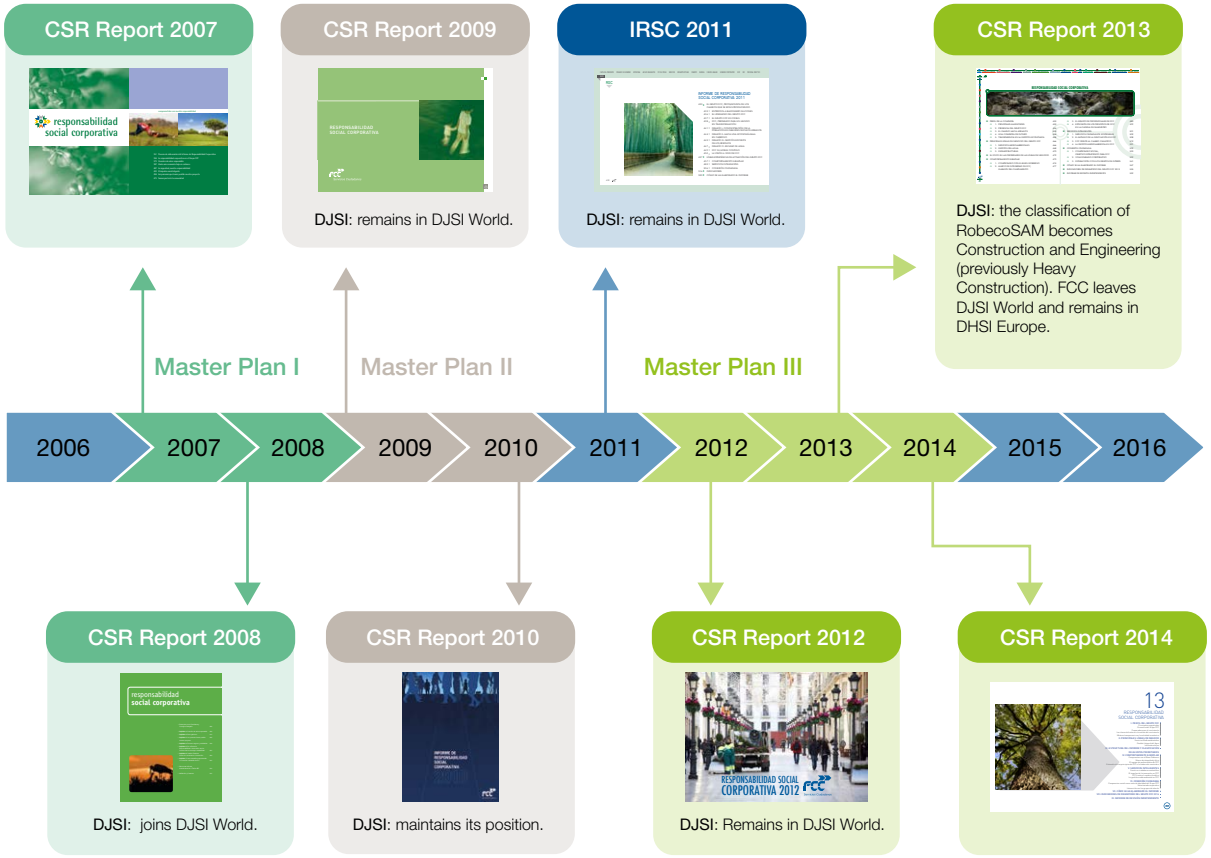
Although FCC has been, since its creation over a century ago, a socially responsible company, committed to society and the communities in which it operates, in 2005 it decided to create a Corporate Responsibility Department to channel and manage all socially responsible initiatives within the Group.

During this time, and since its inception, FCC's Corporate Responsibility Department has worked to align the businesses' CSR strategy and the Group and thus multiply their impact.

Achievements of FCC Group's Corporate Responsibility Management in a decade (2005-2015)

- Creation the Corporate Responsibility Office (2005) under the General Secretariat.
- Formation of FCC Group's Corporate Responsibility Committee (2006), chaired by the Secretary General, the CEO of FCC at that time.
- Presence in the most important international sustainability indices:
  - Dow Jones Sustainability Index
  - FTSE4Good
- Preparation of ten annual FCC Group Corporate Responsibility Reports (2005-2015) in accordance with the *Global Reporting Initiative* guidelines approved by the Board of Directors with nine of them verified by an independent third party.
- The main business areas create their own committees in this area and start to publish their own CSR or sustainability reports.
- Approval of FCC's Code of Ethics by the Board of Directors (2008).
- Creation of FCC's Response Committee (secretariat and coordination by Corporate Responsibility management).
- FCC Group signs the United Nations Global Compact.
- FCC requires its suppliers to respect the Ten Principles of the Global Compact.
- FCC adapts to the CNMV's Good Governance Code for listed companies and entrusts Corporate Responsibility management with corporate governance matters.
- FCC joins the large CSR *clusters* in Spain, like the Sustainability Excellence Club or Forética.
- The Communication and Corporate Responsibility Management Department is created, with the latter answering to the former.
- FCC launches a corporate volunteer programme aligned with the Esther Koplowitz Foundation which has already completed seven editions.
- FCC signs agreements for the integration of people with disabilities or at risk of exclusion with ONCE, the Adecco Foundation, Integra Foundation and the Exit Foundation.
- FCC approves its environmental policy.
- FCC receives several awards for its CSR policies from the Comisiones Obreras Trade union, Integra Foundation, CODESPA Fundación and the Madrid Chamber of Commerce.
- Preparation of three master corporate responsibility plans that include the commitment to sustainability in all activities performed by the Group. Approved by the Board of Directors:
  - First Master Plan 2007-2008
  - Second Master Plan 2009-2010
  - Third Master Plan 2012-2014

CSR policy and management at FCC, recognised by global socially responsible investment indices



Third FCC Group CSR Master Plan (2012-2014)

* Extended to 2015

In 2012 FCC Group designed a master plan for CSR management within the Company which was approved by its Board of Directors. The Plan included three strategic lines based on goals defined for individual lines of business, which guided the Company's Corporate Social Responsibility-related activities until the end of 2015, the completion date for the Plan's activities.

During this period of validity, FCC underwent a transformation of the Group with respect to its shareholder structure. It suffered the largest adjustment of its workforce in its history, and made the choice to design a business strategy based on internationalisation, strategic divestments and debt restructuring that put the Group back on the path of stability and growth.

This scenario of profound change has not prevented it from implementing a significant part of the activities included in the Plan which are reported in this Corporate Responsibility Report.

The outline and structure of this FCC Group Corporate Responsibility Report 2015 is therefore organised around three strategic key elements of the Corporate Responsibility Plan 2012-2015 under the following headings: exemplary behaviour, smart services and connecting citizens.

Proximity

Eco-efficiency

Integrity

Doing things well

Axis 1 **Connecting Citizens**	Axis 2 **Smart Services**	Axis 3 **Exemplary behaviour**
5 action programmes	2 action programmes	5 action programmes
• Support city councils to help them solve future cities' needs. • Citizens are co-participants in solving their unsustainable habits. • Our employees' knowledge at the service of schools. • Corporate volunteers. • Measurement of the positive impact of our service in communities.	• References in the observation of trends in cities. • Strategy for mitigation and adaptation to climate change.	• FCC's system of ethical compliance. • Social criteria for providers. • Insertion of disadvantaged groups. • Prevention of occupational risks. • Professional development at FCC.

Objectives of the key elements of the Third Master Plan

1 Connecting Citizens
Transform citizens into the protagonists of a sustainable city

Encourage initiatives for promoting a sustainable citizens' awareness and integrate the indications coming from citizens into decision-making

2 Smart Services
Place FCC as the leader in the design of future sustainable cities

Develop new solutions to key issues that allow us to be leaders in the design of future cities through an innovative and efficient management model

3 Exemplary Commitment
Position FCC as an example of substance in its commitment

Have a reference framework of activity for integrity and business ethics

Following is a description of the main developments and milestones for 2015 in each key element of the Master Plan.

Connecting citizens

Action program	Fundamentals
Sustainable radar Establish platforms for dialogue with local prescribers focused on the needs and trends of the city.	• Launch of the Almeria 2020 project. • Launch of the Elvas-Badajoz Eurocity project. • Active presence in business associations related to the recovery, recycling and treatment of waste; professional associations related to environmental services, professional associations related to the water management sector, and participation in international events.
Active sustainability Implement sustainable solutions or actions in municipalities involving citizens themselves.	• Raise public awareness through informative and interactive activities to promote sustainable and respectful behaviour with respect to the environment: open days, children's competitions, educational tools, citizen service offices, workshops, specific campaigns on good practices, etc.
Local responsible commitment Initiatives based on outreach and training by FCC staff for citizens on good practices in services.	• External training and participation in conferences for sharing knowledge: training in universities and local communities, participation in conferences, forums and technical seminars. • Launch of the "Teacher for a Day" project; provision of environmental workshops and workshops on the Millennium Development Goals in state schools. • Street cleaning contract for San Sebastian; workers as ambassadors of good social and environmental.



Street cleaning services in San Sebastian (Spain).

Action program	Fundamentals
Corporate volunteering Consolidation of the FCC Volunteers programme and an increase in the number of volunteers was achieved.	• Promotion of corporate volunteering in all business lines during all the years covered by the Plan. Company based campaigns have been carried out as well as participation in others in third sector organisations.
Maximisation of sustainable value/positive impact action Design of social and environmental indicators associated with FCC's services and contracts to show their added value.	• Implementation of a metric assessment of the social and environmental sustainability of operations. • Certification of operations assessment criteria. • Definition of intensity indicators for services provided, as well as the design of a calculation methodology appropriate for the management of public services. • Street cleaning contract in San Sebastian: design of a range of interconnected technological services, with efficient productivity that are ergonomic for its workers.

Smart services

Action program	Fundamentals
Design of future cities Become familiar with and anticipate trends in urban communities of the future.	• Launch of the "Eco-city Trends" Sustainability Observatory with Rey Juan Carlos University in Madrid. • Launch of Smart Water Santander: monitoring of the city's supply networks to find leaks, improve energy efficiency, review the quality of the water supplied and oversee consumption. • Launch of the MEC Predictive Maintenance project in Medina del Campo. • Launch of the Innpronta IISIS project in Medina del Campo, Toledo and Talavera de la Reina. • Launch of the EKOSTONE project. • Launch of the S.E.E.E.U.S.® (*Evaluation System for Environmental Efficiency of Urban Services*) integrated software development and implementation project. • Launch of automotive innovation projects. • Submission of a European patent application for the collection and treatment of urban waste as part of the IISIS project: Diana system patent and Caruso patent. • Active participation in international events related to the cities of the future: "ISO TC 268 / SC1 – *Smart Cities*" International Committee for the development of future standards for smart cities.

Action program	Fundamentals
Combating climate change Aim FCC's strategies towards integrating the carbon variable as part of its activities.	• Defining FCC Group's Climate Change Strategy. • Increase in greenhouse gas (GHG) emissions inventories: all divisions of the Group verified their emission reports in accordance with the ISO 14064-1 standard or the GHG Protocol (Environment Division) and registered their carbon footprints at the Ministry of Agriculture, Food and Environment's carbon footprint, compensation and absorption register. • Finalisation of the project to calculate the water footprint in Cantabria carried out in collaboration with the Botín Foundation and the Madrid Complutense University. • Development of verified systems to calculate intensity indicators for the activities carried out: indicators that relate the consumptions of energy and water resources and GHG emissions with the reference units for the services provided. • Launch of the "Degasification of the controlled municipal solid waste facility in Gomecello (Salamanca) deposit" project. • Certification in energy assessment and development of processes in Cementos Portland Valderrivas Group's factories.

Exemplary behaviour

Action program	Fundamentals
Framework of integrity To strengthen the Company's ethical framework in order to address the main challenges facing FCC with the aim of promoting exemplary behaviour.	• Implementation of a risk management system and opportunities to assess new projects economically, socially and environmentally. • Implementation of initiatives in support of diversity and equality within the organisation: signing of equality plans, signing and renewal of the Diversity Charter, signing of the cooperation agreement with the Ministry of Health, Social Services and Equality to encourage the participation of women on the Board of Directors, etc. • Updating and strengthening the code of ethics: in-house publicity about the Company's code of ethics communication channel was intensified, a response committee has created and on-line training on the Code of Ethics for all employees set up. • Combating gender-based violence through awareness campaigns, renewal of the agreement with the Ministry of Health and Equality, participation in the Businesses for a Society Free of Gender-Based Violence network and signing of the Joint Communiqué against gender violence.
Responsible recruitment To consolidate and extend the concepts of integrity and social and environmental sustainability throughout FCC's value chain.	• Modification of supplier assessment, including social and human rights criteria. • Inclusion of requirements to ensure a network of customers committed to sustainability. • Certification of FCC's value chain according to the criteria of reliability, quality and transparency: ISO 9001, ISO 14001.

Action program	Fundamentals
To promote social integration of groups with special needs To create the conditions for the integration of groups with special needs into the Group. To support their social integration.	• Creation of the FCC Equal - Special Employment Centre. • Signing or updating of agreements with associations for the integration of disadvantaged groups: Fundación ONCE, Fundación Prevent, Fundación Integra, Cruz Roja. • In-house and external awareness-raising campaigns: celebration of the International Day of People with Disabilities, celebration of Disability and Sociocultural Integration Week, holding the Seminars on the Homeless, celebration of the International Day for the Elimination of Gender Violence.



Promotion of EOI's 2015 Development Program designed for female high-potential pre-executives.

Action program	Fundamentals
To contribute to the development of people To strengthen measures for developing people and to lead the cultural change in FCC in line with the social context of diversity, pluralism and equality of the communities we serve.	• The implementation of development and support programmes for working women: mentoring programmes for women, on-line programmes on awareness-raising about equal opportunities, workshops on women's leadership, programmes for developing executive abilities for women and development of strategic competencies and abilities for women in middle management. • Signing or updating of agreements with associations for the integration of women and awareness-raising of employees: signing of the Agreement for Awareness-Raising and Professional Integration of Women Who Are Victims of Domestic Violence. • Signing of an agreement with the Ministry of Health, Social Services and Equality to increase the presence of women in managerial positions. • Raising sensitivity and awareness about in-house and external training on environmental issues: creation of an environmental agent; implementation of training programmes aimed at responsible environmental management for different profiles of Company employees; use of shared working platforms in the web environment integrated into the S.E.D.R.U.S.® Platform. • Training and information for employees on equality and diversity: cross-cutting training plans have been created, a course has already been given and *on-line* training has been provided on equal opportunities for women and men, made available by the Women's Institute, through their Virtual Equality School. • Participation in training programmes for the promotion and development of women: development programme aimed at female pre-executives with high potential at the EOI, Promociona project, "Lidera Tu Futuro" (Lead your future) training workshop organised by the Autonomous Region of Madrid's Department of Social Affairs, Directorate General for Women.

Action program	Fundamentals
To improve public attention to risk, safety and health To develop and promote a culture of welfare health and safety.	• Training and awareness on the prevention of occupational risks: there has been an international communication campaign on the prevention of occupational risks, a project for consolidating preventive cultures and a programme of activities on health and welfare. • Implementation of specific measures in facilities with a greater risk of accidents. • Campaigns to encourage participating in sport and caring for one's health, and the implementation of a communication plan for the dissemination of information and the participation in activities that improve people's health and quality of life. • Certification of operations under international standards: OHSAS 18001, AENOR Healthy Company. • Reduction in accident rates and the carrying out campaigns on health and safety. • Preparation of the Occupational Welfare, Health and Safety Plan 2012-2016, implementation of the Healthy Company Plan and development of the Strategic Plan for Road Safety. • Active collaboration in associations involved with health and safety: Fundación Mapfre, FESVIAL, Cruz Roja, INSHT-IRSST-INVASSAT.

2015 materiality study

In this Corporate Responsibility Report 2015, FCC Group continues the criteria, principles and contents defined in the G4 framework for the elaboration of sustainability reports in the *Global Reporting Initiative* (GRI) for the third consecutive year. The Company believes that the report has been prepared in accordance with G4, in its comprehensive option.

The Sustainability Master Plan, which ends in 2015, determines the structure of this report, and the specific contents are also a response to the materiality study that was conducted in 2015.

For FCC, the materiality study is an ongoing process that focuses on the issues of social, environmental and/or economic nature relevant to the Company's business that influence the decision making of its stakeholders. In the period 2013-2014, external sources were analysed and, in conjunction with those responsible for information at FCC, relevant sustainability issues were identified.

The materiality study conducted for this report included a validation phase done through external interviews focused on institutional investors.

The materiality of FCC Group is presented in nine matrices, three for each line of business and the three key elements of the Master Plan. Given the unique characteristics of each business, the priorities of the material issues are ordered differently, depending on the impacts of the infrastructure, water and environmental services activities.

For FCC Group, the overall set of material issues can be grouped around the three key elements of the Master Plan as follows:

1 Exemplary behaviour

- Occupational health and safety of clients, employees and suppliers.
- Promotion of diversity in the labour force and equal opportunities.
- Corporate policies and systems to prevent corruption.
- Regulatory and social pressure for sustainable development.
- Retention and attraction of talent and employee training.
- Information security and best practices in matters of cybersecurity.
- Detection of illegal practices associated with employment, like forced or child labour.
- Ensure an effective relationship between workers and government bodies and guarantee workers' rights.
- Responsible management in the supply chain (purchasing relationship and practices).
- Public commitment to the highest standards in matters of sustainability.
- Responsible management of information privacy.

2 Smart services

- Application of criteria relative to sustainability in areas of research, development and technology
- Reduction of atmospheric emissions and emissions from energy consumption
- Management of natural resources and reduction of effluent and waste
- Biodiversity and impact on natural ecosystems
- Policies that prioritise purchasing materials with the least environmental impact
- Public/private collaboration in the management and protection of critical infrastructure.
- Efficient water management in water-stressed regions.

3 Connecting citizens

- Training initiatives for local development.
- Promotion of external communication relative to the Company's activity.
- Philanthropy and social action.

Materiality tells us what stakeholders expect from a company like FCC in terms of sustainability.

The most important issues targeted by external stakeholders are accountability focused on the occupational health and safety of the Company's own employees and, especially, those of contractors, in terms of retaining talent, the measurement and assessment of the impact on human rights, corporate social responsibility and environmental responsibility policies, management of risks related to climate change, the response on water management and the risk of water stress and biodiversity, and the work done by FCC on local development and relations with the community.

For further details on the methodology and the results of the materiality study, see Section VII on "How this report has been prepared".

Next, in this year when FCC Group's Third CSR Master Plan comes to an end, the Company wants to use this report to provide accountability of its policies and activities in this area of CSR, organised along the three key elements of the aforementioned Third Master Plan, with special focus on the issues that stakeholders have identified materially as the most relevant.

IV. Exemplary Behaviour

The pillars of FCC Group's framework of integrity comprise ethical and compliance-related principles from benchmark organisations such as the new Code of Good Governance for Listed Companies of the CNMV (Spanish Securities and Exchange Commission), the International Corporate Governance Network (ICGN) and the requirements of institutional investors or references in sustainable investment such as FTSE4Good, the Dow Jones Sustainability Index and the Equator Principles.

1. Corporate Governance

FCC Group's Corporate Governance seeks to comply with the principles and recommendations in the Code of Good Governance for Listed Companies of the CNMV (Spanish Securities and Exchange Commission, the *International Corporate Governance Network* (ICGN) and other organisations involved.

The aim is to ensure that the performance of supervisory functions is carried out based on a foundation of accountability, transparency and equality.

Among other things, FCC's good governance model includes:

- Non-executive chairman.
- Presence of three independent directors (25% of the Board).
- The Audit and Control Committee and the Appointments and Remuneration Committee are chaired by independent directors.
- Diversity of gender and origin in the Board's composition: four women on the Board of Directors (36%) and three nationalities represented: Spanish, Mexican and French.
- Compliance with Recommendations 53, 54 and 55 of the CNMV's Code of Good Governance on corporate social responsibility.

Board of Directors

Diversity of gender, nationality and knowledge

FCC's Board of Directors has the structure and composition considered most appropriate to fulfil the Company's strategic management and its commitment to the CNMV's new Code of Good Governance for Listed Companies.

During 2015, a restructuring process was carried out with respect to several aspects of the Board of Directors.

The restructuring starts with the reduction in number of the composition of the Board, which now has eleven members.

To ensure that shareholders' interests are properly protected, three of the eleven members that make up the Board are independent directors and eight represent proprietary directors, complying with the recommendations of the Code of Good Governance, which encourages a large majority of proprietary directors and independent directors.

The responsibility to ensure diversity in the Board of Directors is vested in the Appointments and Remuneration Committee. Its functions, set out in the Board Regulations, include preventing bias in the assessment of candidates and ensuring that an appropriate number of women are included among the applicants, stating the reasons should the total number be limited.

As evidence of this commitment, FCC has one of the IBEX 35's highest percentages of women on the Board of Directors, with four out of a total of eleven directors: 36.36%, as opposed to the average 18% of the IBEX 35.

Measures for the balanced presence of women and men



Board Regulations establish as part of the functions of the Appointment and Remuneration Committee that the Committee must assist the Board in its function of ensuring that the selection procedures promote diversity of gender, experiences and knowledge and do not suffer from implicit biases that could involve any discrimination whatsoever and, in particular, that they facilitate the selection of female directors in such a way that the Company deliberately seeks and includes among potential candidates women who meet the professional profile sought.

In 2014 FCC signed an agreement with the Ministry of Health, Social Services and Equality to promote the balanced participation of women and men on boards of directors.

Under the agreement, the Board of Directors of FCC is committed to progress in the implementation of the recommendation of Article 75 of Organic Law 3/2007, of March 22, for the effective equality of women and men; to make data on the directors publicly known and to keep it appropriately updated pursuant to recommendation 28 of the Unified Code of Good Governance.

In addition, FCC has signed the Diversity Charter, a voluntary code of commitment to promote the fundamental principles of equality.

The initiative, which has been promoted by the Department of Justice of the European Commission for the implementation of its policies against discrimination, includes the implementation of inclusion policies and non-discrimination programmes by the signatory companies.

Evaluation of the Board of Directors

As stated in Article 34.9 of the Regulations of the Board of Directors, FCC devotes the Board's first plenary session of the year to evaluating the quality and efficiency of its own performance during the previous year, to assess the quality of its work, to evaluate the effectiveness of its rules and, where appropriate, to correct dysfunctional aspects.

Therefore, at its meeting held on 19 January 2016, the Board issued a report subsequent to the internal evaluation of the Appointments and Remuneration Committee in which the quality and efficiency of its operation and of its committees during 2015 were evaluated.

The evaluation process included the assessment of the various aspects that influence the efficiency and quality of the Board's operation as well as the contribution of individual members to carrying out their duties. To do this, all members took an active part and their comments, assessments and suggestions were taken into account.

The conclusions and assessments drawn from this process have been positive in all areas of the assessment, from the composition and internal organisation to the performance of the powers attributed to the Board itself.

Responsibilities in risk management

Integrated risk management model

According to Article 37 of the Board's Regulations, and as stated in the new Code of Good Governance for Listed Companies' recommendation 53 and recommendations 39 to 46, the Audit and Control Committee's main function is to serve as support to the Board of Directors in its general content of oversight and supervision, in particular with regard to the Risk Control and Management Policy, risk monitoring and mitigation, and supervision of the Company's internal audit services.

Currently, the Risk Committees are incorporated within the committees in each of the business areas. There are plans to the relaunch the Risk Committees in the business areas in 2016.

During 2015, the Risk Management Department drew up the Risk Management Policy and System, which is expected to be approved by the Group's Board of Directors in 2016, promoting the implementation of the risk control and management model.

The Risk Management Regulations are aimed at implementing, developing and continuously improving a work framework, the object of which is to integrate the risk management process into corporate governance with regard to organisation, planning and strategy, management, reporting processes, policies, values and culture. These include the definition of risk appetite and strategy, functional segregation of areas managing or taking risks and "zero tolerance" toward the commission of unlawful acts.

The role of the Board of Directors' committees

For the correct operation of the Company, the Board of Directors has three committees:

1 Executive Committee

Decides on issues related to investments, divestments, debts, loans, guarantees or bonds or any other financial facility.

2 Audit and Control Committee

Its functions are focused on consultancy about and naming of executives with the profile most suitable to their functions. In addition, it is in charge of overseeing the observance of the remuneration policy established by the Company, and, more specifically, it proposes the remuneration policy for directors and executives to the Board of Directors.

3 Appointments and Remuneration Committee

This committee serves as support for the Board of Directors in its tasks of surveillance, via the periodical review of the process of drafting economic and financial information, of its internal controls and of the independence of the external auditor.

2. Framework of Integrity and Ethics

Following the recommendations of the *Federal Sentencing Guidelines* and the regulatory implementation of Article 31 bis in the Spanish Criminal Code, FCC Group reinforces its commitment to ethics and due diligence in the prevention, detection and eradication of irregularities.

The elements that FCC has implemented to build the integrity framework are the drafting of a Code of Ethics (adopted in February 2012), the Crime Prevention Manual, fiscal responsibility policies and the communication of all these elements to the employees of the entire FCC Group.

Set of rules and procedures in FCC Group

Codes and policies

FCC Group's Code of Ethics sets the standards of conduct that guide the actions and behaviour of Group employees in ethical, social and environmental matters. It includes, among other things, issues related to human rights, corruption, bribery, human capital, health and safety. The ethical principles contained in the Code affect all employees, suppliers and contractors, and are compulsory.

The Group also has an Internal Code of Conduct in the Securities Market and a Crime Prevention and Response Manual. The latter includes a control system structured into different phases and bodies with the aim of reducing and hindering cases where FCC Group people commit some kind of crime that may affect the Company. The manual identifies behaviours that pose a risk and the response protocol, procedures that are compulsory for all components of the Company.

FCC Group's Fiscal Code of Conduct

Approved in 2014, this document establishes the policies, principles and values that should guide the behaviour in tax matters within the Group.

The new Code is aligned with the mission, vision and corporate principles of the Group, in addition to the Corporate Social Responsibility Policy and, in particular, the Code of Ethics.

All FCC Group employees must comply, with regard to the part applicable to them based on their activities and functions within the Group, with the procedures concerning the management of the tax area defined in the "FCC Group's Framework Standard for Fiscal Control", ensuring that relevant decisions on tax matters are overseen by senior management of the Group and are properly supported, taking into account possible risks assumed.

Responsibility for Ethics in FCC

The Audit and Control Committee ensures that disciplinary action is taken in cases of a breach of the Code of Ethics and assesses the risks related to ethics, integrity and compliance, integrating them into the risk control and management system.

The Response Committee is responsible for promoting the dissemination of and compliance with the Code of Ethics. It is a responsible body approved by the Board of Directors and consists of the General Manger of Internal Auditing, who chairs the committee, the General Manager of Legal Counsel, the General Manager of Human Resources and the Director of Corporate Responsibility. This Committee is responsible for monitoring the communication procedure in matters relating to criminal offences and the Code of Ethics, and investigation or closure thereof as appropriate.

Ethics channel

FCC offers all Company's employees an internal communication channel that they are required to use to report breaches of the Code of Ethics.

However, FCC offers its employees an e-mail address (*comitederespuesta@fcc.es*) as well as a mailing address, to the attention of the Chairman of the Response Committee.

Communication and training on the Code of Ethics

The FCC Group carried out training at the time on the Code of Ethics, however there is a plan for training and dissemination so that all Group employees know, understand and identify with the principles and conduct set out in the process of defining FCC's Code of Ethics.

The main channels for dissemination are currently the website, the Welcome Manual and subject-based informative tips at work centres for employees who don't have computers.

The Human Resources principles related to the impact on employee satisfaction, which is the pillar of this policy, are:

1) Reinforce the motivation of key people within the Group.
2) Encourage the sense of belonging to the Group at international level.
3) Live the culture and corporate values.
4) Encourage the participation of FCC people in Group projects.
5) Support the process of integrating people and encourage their development.
6) Improve the skills of the management team.
7) Develop a comprehensive and holistic perspective with healthy workers who are involved and trained as an investment for the future, both collectively and individually.

3. FCC's Team of Professionals

The Human Resources Policy, in line with FCC Group's principles, has a clear mission: "To promote and encourage the development of people, communication and a proper work environment, together with the strategic objectives of the Company, through efficient management of specialised HR services in a context of diversity, equality and internationalisation". This policy seeks to boost productivity, safety, training, integration and satisfaction within the Group, as well as commitment and a sense of belonging.



The talent of FCC's professionals

Attracting talent

FCC Group continues with its plan to reinforce its staff initiated in 2014 to strengthen the Company in preparation for the imminent process of the internationalisation of the business and the cultural change that this entails. Within this, FCC is implementing a global programme to assess potential and identify talent for the development new career plans. Given the Company's internationalisation policy, FCC has undertaken various projects within the framework of the Talent Internationalisation Plan to attract and retain talent profiles adapted to this new strategic vision, such as the International Programme for Young Engineers.

Other talent development programme:

Multi-company Talent Development Programme

Since 2014, FCC Group has been actively collaborating with the Fundación Transforma España in the Multi-company Talent Development Programme. The programme aims to promote the development of staff with high potential with the ultimate goal of increasing the presence of young people on the steering committees of Spanish companies.

FCC Aqualia's joins the Dual Training Alliance

In 2015 the Group's water management company FCC Aqualia joined the Alianza para la Formación Profesional Dual (Alliance for Dual Vocational Training), thereby joining in on the global upward trend in the field of education. The Alliance is made up of a network of companies and other institutions whose common goal is to develop a model of quality dual vocational training adapted to our environment that will improve the skills and employability of students.

Employment and recruitment of professionals

In 2015, FCC received a total of 32,485 curricula vitae and carried out a total of 352 recruitment processes. During the year, a total of 247 new employees joined the Company. In addition, in line with the Company's Internal Mobility Project, 175 jobs for FCC workers were published.

2,014 Trained employees

434,297 Hours of training

352 Selection processes

32,485 CV's received

International Programme for Young Engineers

This program, developed by FCC Construcción and subsequently implemented in other areas like Environmental and Central Services, aims to promote the development of new graduates to ensure a proper succession of key positions in the Company.

The program lasts six to nine months and consists of two phases:

- Corporate theoretical training on different areas of the organisation.
- Practical training in various national and international projects under the supervision and support of a tutor who, besides helping them, assessed their performance.

At the end of the programme each engineer is assigned a position at international level to retain trained personnel who can contribute to the Company's strategic goals.

Retaining talent

Through FCC's Talent Management Department, FCC dedicated efforts to creating an environment that would make it possible to attract, motivate, develop and retain the best professionals. The measures to achieve this encompass:

- Facilitating internal mobility between businesses and countries.
- Consolidating a results-oriented culture.
- Implementing benefits and compensation policies.
- Reinforcing training processes common to the various lines of business.
- Implementing a system to analyse the potential succession plans for key positions.
- Definition of FCC Group's managerial skills.

FCC has an internal mobility programme that offers professional development opportunities. To this end, the Group has an *on-line* application which is accessed through the intranet where all available vacancies are published and on which 175 internal mobility offers were published in 2015. With the implementation of the internal mobility policy, whereby transparency and confidentiality are guaranteed throughout the process, the number of applications has increased during 2015.

The perception of FCC by those outside the company is important for measuring the Company's reputation as a place to work. In 2015 the Company reached the 80th place in the MERCO People index. This ranking aims to identify the 100 best companies to work for, and uses a methodology that incorporates both an internal analysis and a benchmark. The evaluation process incorporates the results of surveys carried out at universities, business school students, HR managers, employees of the most reputable companies, and the general public.

With regard to the MERCO Manager indices, an indicator of the corporate social responsibility policies, and MERCO Companies, a reputation index, FCC has reached, in 2015, 86th and 80th positions respectively.

Competencies evaluation

In addition, the Company continues with the improvement of an organisational structural model based responsibilities and competencies. To do this, work is being carried out on redefining career paths for technical careers and management careers, on strengthening training in different management areas, in boosting performance management systems, as well as on the implementation of potential analysis and management succession plans.

In addition, in its search for the greatest efficiency and performance quality, FCC is implementing talent identification programmes based on the five core skills identified for the Group in order to select the most qualified professionals for each type of project based on the most appropriate qualities and training for each one. This is how the most complex challenges are dealt with by the Company's most capable professionals.

Training

Training is a pillar of FCC Group's business strategy, as it represents the basis for the Company's performance and its ability to meet challenges. This is why it has various training school so it can offer a comprehensive education to the people who make up FCC, among which are managerial skills as well as languages and technical skills.

In addition, technology is included in order to facilitate training and share in a direct and flexible fashion the Group's knowledge and experience, offering both classroom and on-line training to reduce costs and simplify access.

During 2015, in order to meet the Company's strategic needs, but also in response to the demands of FCC's professionals, the multi-disciplinary focus was put on languages and finance, although the structure of FCC's multi-disciplinary courses has been maintained with its five classical schools.

The main figures from language and finance training are as follows:

Training area	No. of employees trained	Number of training hours	% of training
Languages	649	35,113.47	8.09%
Finance	1,365	13,467.50	3.10%

Altogether, they were 48,580.97 hours of training in both disciplines, training a total of 2,014 students: 649 in languages and 1,365 in finance. The percentage of total training for these training areas was 11.19%.

Multi-disciplinary training schools

Management school	Administration and Finance, Quality and Management tools, Legal, Information Security, Project management, Communication and CSR, Human Resources, Secretarial, Prevention of Occupational Risks.
School of principles	FCC principles, standards of expected behaviour of employees, internal rules on the matter.
Skills' School	Analysis and decision-making, effective communication, management by objectives, change management, leadership, negotiation, focus on results, planning and organisation, team work, training trainers, international business relations.
Computer skills School	User and professional level knowledge of office software.
Language School	English, German, French, Spanish, Portuguese and Arabic.

Business area	Training hours	Number of employees trained	Over 45 years	People with disabilities	Men category I	Men category II	Men category III	Men category IV	Women category I	Women category II	Women category III	Women category IV
Aqualia	73,648	7,292	3,115	100	206	1,280	1,496	2,596	75	303	764	572
Construction	80,467	3,658	1,275	21	186	924	545	1,339	199	214	211	40
Environment	238,942	27,568	7,906	148	327	1,422	4,040	16,878	70	488	1,006	3,337
Industrial waste	6,801	474	110	0	23	66	96	140	26	73	41	9
Cementos Portland	20,476	3,275	1,962	20	136	627	585	1,680	20	52	149	26
Central Services	14,201	822	341	2	326	55	22	1	281	40	96	1
Total	434,297	43,035	14,700	291	1,197	4,374	6,772	22,630	664	1,162	2,251	3,985

Cat. I: managers, department heads, heads of services and site managers.
Cat II: section managers, heads of negotiation, heads of workshops, high and mid-level graduates, and similar.
Cat. III: administrative personnel, assistants and technical assistants and similar.
Cat. IV: operators, juniors and associates.

In 2015 a total of 434,297 hours of training was provided at FCC Group. The largest percentage, in terms of time, of this training, 64.04% was directed to the Environment business. With regard to the gender criteria and in correlation with the percentage of male and female staff, 81.27% of the training was for men and 18.73% for women.

With respect to the subjects taught, the technical expertise for the production and operation of the facilities, Occupational Risk Prevention, and languages, have been the subjects to which the greatest number of hours of training have been dedicated, reaching 80.95% compared to the overall amount.

Our professionals

FCC Group has a workforce of 55,145 professionals, 21.68% of whom are women. Of the total, 47.41% of the people who work for FCC are under the age of 45 and only 8.85% have a temporary contract (13.88% on permanent contracts and 77.27 % are seconded staff, mostly permanent contracts). In addition, the low turnover rate should be noted, which in 2015 was 3.5%.

Employment management in a process of internal restructuring

Following the entry of new controlling shareholders in the capital of the FCC Group, over the past two years the Company has been undergoing a process of internal restructuring to adapt to the new strategy and management that the new management team wants to implement. This process directly affects the Group's professional workforce, which is in the process of adapting to the new structure proposed.

Within the restructuring process, the process of internal mobility is encouraged and prioritised. So, during 2015 a total of 14 Central Services employees became part of the lines of business staff.

Seconded staff are consigned to public or private contracts where the Company has won the tender. Although they have a temporary labour contract, normally they have stable employment, as the majority of the applicable Labour Agreements cover the compulsory subrogation of personnel.

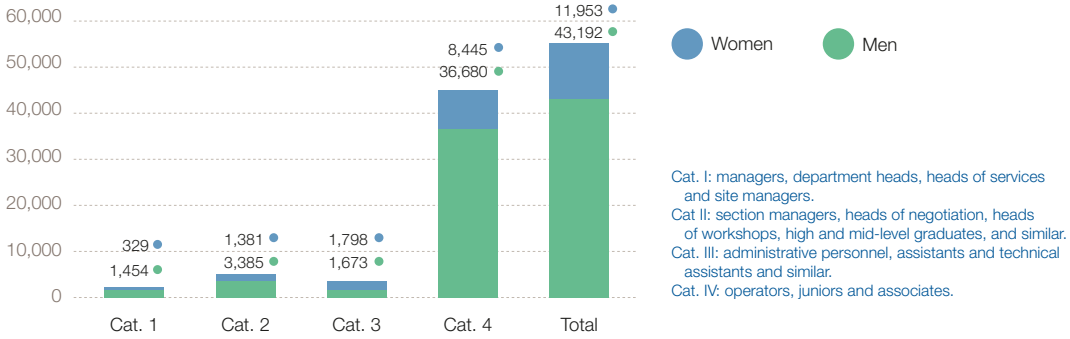
24% Percentage of female managers out of the total number of managers

7,654 Employees with permanent contracts

42,613 Seconded staff

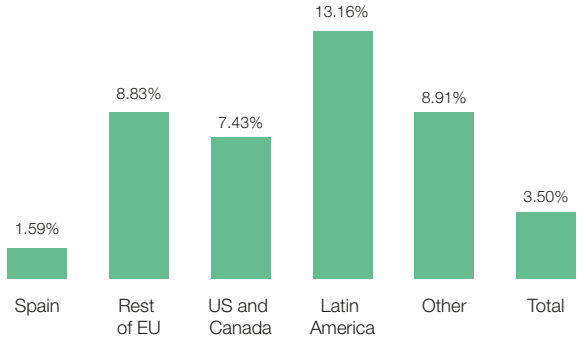
942 Employees with some kind of disability

Employees by gender and professional category

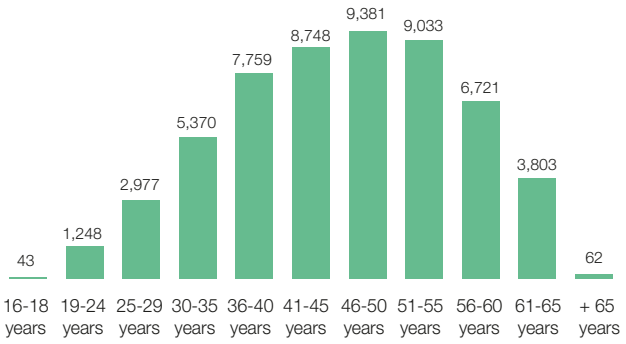


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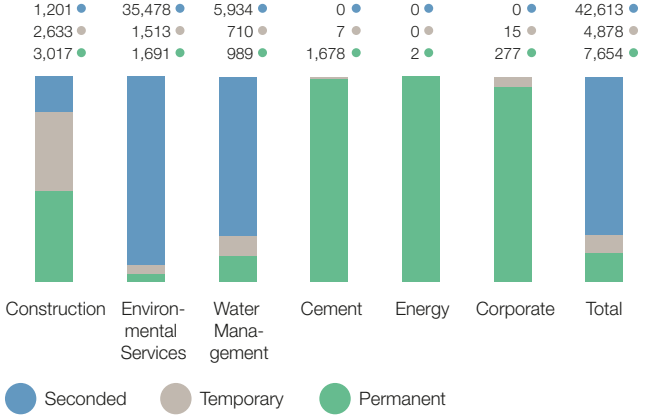
% Average turnover rate by geographical area



Employees by age group



Employees per type of contract and business area



Diversity, integration and equality at FCC

Equity in employment and promotion opportunities

FCC Group operates in the matter of equal opportunities both internally, through the Equality and Diversity Policy and its mechanisms, as well as externally, with active participation and collaboration in events and organisations.

FCC's Equality and Diversity Policy, approved by the Steering Committee, establishes diversity as key to the Company's success and identifies equal opportunities as one of the organisation's absolute principles of conduct. Along with the Code of Ethics, the Policy embodies the principles of conduct regarding equality at FCC:

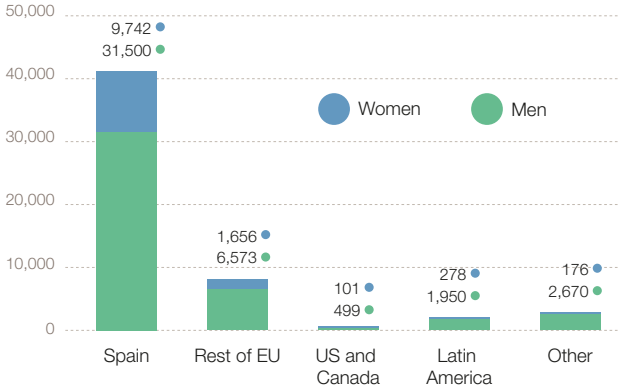
"FCC fosters an environment in which all people can do their work without fear of humiliation, harassment, intimidation, or physical or verbal aggression. The procedures are monitored and subject to review to ensure that no discrimination, whether direct or indirect, goes unpunished".

Worthy of note is the Protocol for the Prevention of Workplace Bullying and Sexual Harassment, a preventive mechanism that includes guidelines of conduct to ensure the dignity, integrity and equal treatment and opportunities for all male and female workers, and is compulsory. In addition, all Company employees are urged to report any situation of workplace and sexual harassment through the mailbox provided for this purpose and described in the Group's Code of Ethics. The complaints received are handled confidentially. To educate employees on equality, FCC has designed and provided on-line courses on Equality, the Code of Ethics and Harassment Prevention.

In addition, the Group's main companies, Fomento de Construcciones y Contratas, FCC Construcción and FCC Aqualia have signed an agreement with the Ministry of Health, Social Services and Equality to increase the presence of women in management positions and steering committees.

The following chart shows the distribution of FCC Group employees by gender and location:

Distribution of employees by gender and location



Adherence to the "Women's Empowerment Principles"

FCC has subscribed to the principles of the United Nations Global Compact, which help companies when examining the policies and practices they apply in the area of women's empowerment. The principles are as follows:

1) Establish high-level corporate leadership for gender equality.
2) Treat all women and men fairly at work; respect and support human rights and non-discrimination.
3) Ensure the health, safety and well-being of all women and men workers.
4) Promote education, training and professional development for women.
5) Implement business development, supply chain and marketing practices that empower women.
6) Promote equality through community initiatives and advocacy.
7) Measure and publicly report on progress to achieve gender equality.

Equality plans at FCC

To promote the implementation of measures that allow objectives to be achieved that are established in matters such as access to employment, promotion and training, remuneration, commitment to preventing gender violence, work, personal and family conciliation, and shared responsibility between men and women, occupational health and communication, as well as the prevention of sexual and gender harassment.

As of 31 December 2015, the Group has equality plans for Fomento de Construcciones y Contratas, S.A.; FCC Construcción; FCC Aqualia; Cementos Portland Valderrivas and FCC Infraestructuras Industriales y Energéticas, FCC Medio Ambiente and Servicios Especiales de Limpeza, S.A.,. FCC Aqualia and FCC Construcción are outstanding in this regard, having renewed this past year their Equality Plans for 2015-2018, and FCC Medio Ambiente and Servicios Especiales de Limpeza, S.A., which signed their first plans. In addition, it is important to highlight the fact that the companies in the Group that have less than 250 workers (and therefore have no legal obligation to subscribe to equality plans) are also covered by an equality plan (that of the parent Company or head of the area to which they belong).

At FCC, women are 21.68% of the total workforce of the Company, and women's leadership is very much present in the running of the Company, with a significant commitment to further increase the number of women in positions of responsibility. In 2015 four women were members of the Board of Directors, representing 36.36%, and the percentage of women members of various steering committees was 24%.

One of the most recent and notable programs has been the first mentoring programme for women at FCC Aqualia aimed at promoting the Company's female talent. This first edition was successfully concluded, reinforcing the Company's dedication, recognised through seals like the "Equality in the Workplace" seal awarded by the Ministry of Health, Social Affairs and Equality.

Apart from the promotion of women's leadership, FCC maintains a constant public fight against gender violence. This commitment is based on two fundamental principles:

1) Zero tolerance.
2) Favour the social and professional integration of victims.

In 2010 the Company signed a collaboration agreement to join the "Businesses for a society free of gender-based violence" network to promote awareness against gender-based violence and the employability of the victims. In addition, as we have seen, in 2015 the Company once again participated in the campaign promoted by the Ministry of Health, Social Services and Equality.

To support professional integration, the Group collaborates with various foundations. Along with the Integra Foundation, an organisation for the labour insertion of disadvantaged groups, it focuses its efforts on female victims of gender-based violence. Since 2011, 93 people have been hired by FCC through this foundation.

In addition, FCC is also working with the Spanish Red Cross, in its Employment Plan, aimed at improving the situation of female victims of gender violence. A total of 40 female victims of gender violence have joined FCC's workforce through this plan.

International Day for the Eradication of Violence against Women



Every year on the 25 November, FCC makes an appeal within the Company to recall its principles and provide information on its commitment and vision: zero tolerance for gender-based violence and the promotion of the social and professional integration of female victims.

This year, FCC joined the UN "Orange the world" worldwide campaign with volunteer-based actions in all countries where FCC is present. The campaign was translated into fourteen languages and carried out various activities including photo exhibitions, video projections, handing out of orange-coloured ribbons, sending mailings to all employees and dissemination of #orangetheworld hashtag on social networks. In addition, the various intranets provided updated information related to this day, including news, videos, photos and other items.



Ministry of Health, Social Services and Equality's campaign against gender violence

As it does every year, FCC has joined the Ministry of Health, Social Services and Equality gender violence awareness campaign: "If there's a way out of gender violence, it's thanks to you. JOIN US". This is a campaign aimed at the general population whose main goal is to get everyone involved in achieving a society free of gender violence and in supporting women who suffer abuse.

Since 2010, FCC has been a signatory of the cooperation agreement with the Ministry to promote awareness of gender violence and the employment of victims, and is part of the Businesses for a Society Free of Gender-Based Violence network. For real and effective implementation of this commitment and principles upheld by FCC, we have entered into several agreements with specialised entities for the employment of women who are victims of gender violence, such as the Red Cross and the Integra Foundation.

Employment as a means of integration for people with disabilities

The FCC Group shows a clear commitment to the integration of people with disabilities in the workplace as a key element for social integration and personal growth. Moreover, at FCC consideration is given to employment and economic reasons for the management of people, beyond those that are ethical and social, for the effective management of diversity and disability. The Group is aware of the direct impact of diversity on competitiveness and corporate and personal benefits.

In line with FCC's Disability Management Plan, training has been provided on different areas of the Group, such as HR, Purchasing and Recruitment. In addition, during 2015, a diagnosis report on FCC's management of disability based on the BEQUAL model was prepared. This report will serve as a starting point for defining the most appropriate measures for the optimal management of disability and inclusion.

To succeed with this commitment, FCC actively collaborates with specialised organizations and various professionals that provide advice on managing recruitment and employment support for people with disabilities for them to join the Company. This advice makes it easier to understand the profiles that are suitable for each position and simplifies the Company’s standard integration process. FCC has about one thousand workers with recognised disabilities of 33% who account for 2.31% of its workforce.

In addition, as a sign of its involvement, with the renewal of the agreement with ONCE Foundation and the Inserta Programme for the training and employment of people with disabilities, FCC has committed to hiring 125 people with disabilities in the Citizens Services Company during the 2014-2017 period. This agreement represents the second-largest commitment to work integration in the Company, together with the newly opened FCC EQUAL CEE promoted by the environment division.

Beyond directly contributing to employment by hiring, FCC supports various projects and promotes social inclusion through workshops, training courses and other activities in collaboration with the following foundations:

- Adecco Foundation and the Family Plan: resumed during 2015 in some of the Company's businesses, this plan is designed to help the disabled family members of workers and is focused on increasing their autonomy, integration and subsequent access to the labour market.
- Integra Foundation: Committed to people at risk of social exclusion and people with disabilities, with a collaboration agreement with FCC that we've renewed tacitly since 2011. FCC is part of the foundation's Board and makes an annual donation of 15,000 euros. Thanks to this collaboration, the hiring of women who are victims of gender violence has been reinforced in the Company.
- Prevent Foundation: worthy of note is the "Entrepreneurs classroom" project, which functions as an incubator for business ideas from entrepreneurs with disabilities. FCC participates with a financial contribution and with Company professions who contribute knowledge and experience in training sessions that they teach and also serve as tutors for participants in their business projects.

The biggest challenge for the coming years in this area is to transfer the various measures and initiatives developed in Spain to the international scene in which FCC Group operates.

Launch of FCC Equal CEE



One of the most outstanding projects in the field of integration of people with disabilities is the creation of FCC EQUAL CEE, promoted by the environment division. FCC EQUAL is a Special Employment Centre in which eighteen people, thirteen of whom have disabilities, are already working. Thus, the goal sought is not only to provide job opportunities but to provide the skills, capacity and appropriate competencies for professional development in the Company.

Health and safety for greater well-being

The Company's strategy, business model and internal policies agree on the importance of the people who make up FCC Group and, therefore, one of the priority objectives is to ensure the welfare of the workforce. The commitment to improving health and safety is unanimous, in accordance with the provisions of the Occupational Health and Safety Policy supported and approved by the general management and the Board of Directors. FCC Group has specialised human and technical resources that have distinguished the company in this area, thanks to the good results and awards received.

The organization is aligned with the proposals of the World Health Organization and the International Labour Organisation on defending the promotion of occupational welfare as a quality factor that integrates people's health and the Company's productivity. It is our responsibility to take care of our employees in order to create a sound, reliable and sustainable organization.

Safety as a hallmark

FCC's strategy and policy in health and safety are adjusted to each of the Group's divisions, which allows for better adapting them to the circumstances of the activities and organisations that have contributed to the Company's experience. This risk prevention strategy encompasses all the activities of FCC Group and all geographic areas and is governed by the criteria and International standards of OHSAS 18001; certification now covers almost 100% of the workforce.



To address the management of health and safety risks, FCC has a specialised multidisciplinary team which covers the needs of all the people in the organisation and provides the necessary protection for the performance of their duties.

The Company continues to use the Incorpora tool, which is a HR information system to obtain data on absenteeism. The second version of this tool was launched by the IT division and provides greater accuracy and reliability of the Company's data on accidents and absenteeism, making it easier to monitor safety issues. One of the challenges set for 2016 is to integrate data from the entire FCC Group into this tool.

Absenteeism Management Plan

FCC Environment is working with FREMAP on the implementation of a pilot project for the control and management of absenteeism. The project provides for continuous real-time management for at least three years with periodic monitoring of the most important indicators.

The ultimate goal is to improve FCC Group's absenteeism rates for work- and non-work-related reasons compared to 2014 as a baseline. The pilot project focuses on the provinces of Madrid, Barcelona and Guipuzcoa; centres with the worst rates are selected, and it lasts for twelve months.

Once the first phase of the project is completed and conclusive data is available, a nationwide plan with specific goals to improve absenteeism for work and non-work reasons will be established.

Our teams are highly trained, skilled and educated, and know the value of education, information, instruction and training in occupational safety, in risk perception, prevention, and road safety, as well as the specific risks inherent to a particular job. In 2015 the training needs were covered with an investment of around one and a half million euros (€1,434,393) for a total of 110,343 hours of training in the prevention of occupational risks for almost 15,000 participants.

Visitation programme for contracts with a high accident rate and the Preventive Culture Project

Both actions are part of FCC Aqualia's measures to reduce levels of absenteeism for work-related reasons.

The visitation programme starts with a detailed analysis of the accident frequency rates of individual projects. After that, a programme for visits to contractors with high accidents rates was prepared that would make it possible to discover, in detail, the conditions that might be causing these results. A total of nineteen contractors were visited nationwide as part of the programme and a specific plan was launched in Italy.

In addition, the Preventive Culture Project, initiated in 2014 has successfully completed the second phase, including the overall diagnosis of the entire Company and the design of an Action Plan for Improvement with eight specific actions to be implemented over the next three years.

"0 Accidents": objective and horizon of FCC's preventive management

Although the goal of zero accidents was fulfilled in some of the work centres and companies, FCC Group continues to work to reach and maintain it in all the work centres where it operates. The types of accidents in general terms are mainly caused by overexertion (27.8%), followed by falls, tripping over, twists and slips (20.4%) and blows (19%). The 22.2% reduction of road accidents in 2015 should be noted. This reduction is the result of the proper implementation of the lines of action of the Road Safety Strategic Plan and the commitment of the business divisions to reduce road accidents and road accident victims, as a result of all the work being carried out in the field of education and driver training; with awareness campaigns, including inspection plans, route management and vehicle fleets, as well as safety and sustainable mobility itself.

Road Safety Strategic Plan 2010-2015

The Road Safety Strategic Plan arose to provide answers and an organised and unwavering commitment to safety and driver education; sustainable and efficient mobility and the fight against road accidents. FCC has combined strategy, teamwork and technology to compete and lead the race for road safety, which in 2015 closed this first Plan with a very positive balance:

- Policies, regulations and management:
  - FCC Ámbito and FCC Environment have drafted their own division plans.
  - Road safety and mobility in the CR Master Plan, in the Strategic Plan for Health, Safety Occupational Welfare, in the FCC Healthy Company project in FCC's Welcome Manual.
  - Road safety and mobility in the Road Traffic Offences Management Procedure, in the Travel Procedure and in the Vehicle Allocation Regulations.
- Agreements, conventions and working groups:
  - With specialised organisations and institutions, such as MAPFRE FOUNDATION-Road Safety Institute; FESVIAL and the Alcobendas City Council.
  - Commitment and participation in the European Road Safety Charter; in the Road Safety Council and the DISEV (guidelines and indicators on occupational road safety) Commission promoted by the State Traffic Department (DGT).
- Information:
  - Publication of more than fifty traffic regulations and regulatory references; national and international road policies; reports, articles and studies, in addition to communiqués on road safety and mobility, traffic, accident rates, road health, plans, etc.
- Training:
  - Training plan with more than 23 different training activities.
  - Prevention technicians, medical services, construction site personnel who work on the road and professional drivers have received specialised training.
  - Practical training was given in vehicles on safe driving and efficient driving.
- Communication:
  - Road Safety Portal with an events calendar, technical documents and campaign materials.
  - FCC web publications; FCC ONE intranet; FCC Construcción and in the intranet bulletins from Latin America with more than thirty items of information on the signed agreements, best practices and evolution of the Road Safety Strategic Plan.
- Regular specific campaigns as well as participatory campaigns such as, e.g., "Road and work accidents" in FCC Environment's Levante II Regional Office, in which 1,378 workers participated; in 40 centres; 58 hours of lectures given; 8,400 leaflets handed out and 576 posters distributed.

The Road Safety Strategic Plan has helped reduce road accidents and pollution, to raise awareness of the environment, to promote road rules, to respect and comply with them, and teach the values of peaceful coexistence, solidarity and courtesy.

Main accident rate indicators in 2015

Compared to the previous year, the frequency rates and incidence rates have decreased by 5% and 2% respectively. While the Infrastructure and Environmental Services divisions have reduced the incidence rate for 2015 by 18% and 3%, respectively, FCC Aqualia has increased the rate by 10%. In addition, the severity index and the absenteeism rate have increased: 4% for the former and 8.5% for the latter. Some of the main indicators relating to FCC Group's accident rates are presented below:

Working days lost in 2015

Non-work related illnesses
745,503

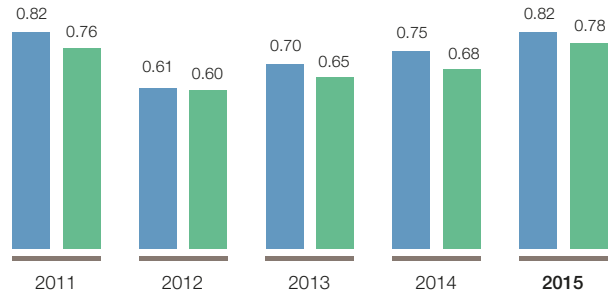
Occupational accidents: 86,585

Total number of sick leaves 2015
31,254

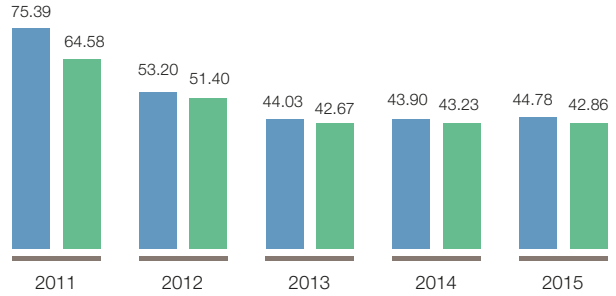
28,504
Total number of non-work related sick leaves

2,755
Total number of occupational accidents sick leaves

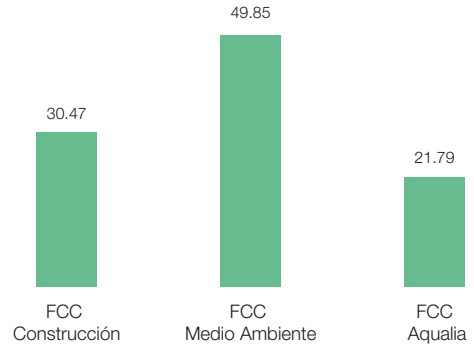
Severity rate



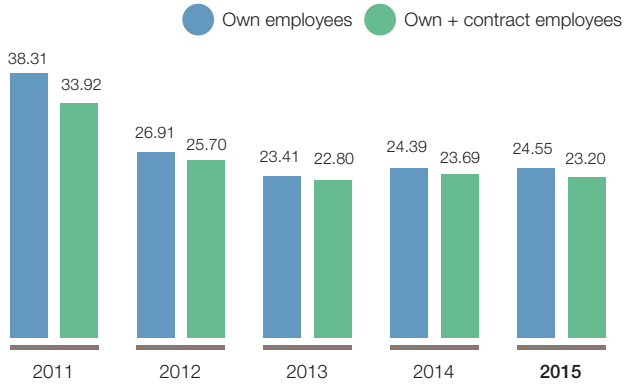
Incident rate



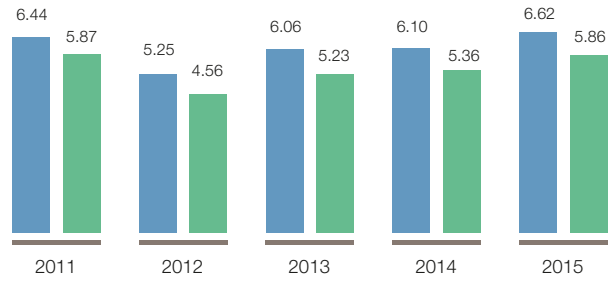
Incidence rates



Frequency rate



Absenteeism rate



Health protection and care

During 2015 the Company has continued its promotion of the Healthy Company project launched in April 2014. After years of working with various initiatives, this project integrates a strategy of continuous improvement of the protection of health, safety and welfare along with the Company's productivity and sustainability. The main objective is to create a culture of healthy living to reduce accident rates and absenteeism, and promote the improvement of people's quality of life.

With the aim of continuing to contribute value to people, we are working to provide spaces and information for a healthy life in terms of physical, mental, emotional and social well-being of the workforce, their families and citizens.

FCC a Healthy Company

Among the initiatives that have been launched to implement the Healthy Company project are, among others, the following:

- Health-related: campaigns like 'Watch your back', 'Take care of your heart' or 'You can stop smoking; you really can'; activities on the treatment and prevention of drug use, the distribution of information on eye health, fatigue and other related risks; vaccination programs and encouraging medical examinations.
- Food-related: agreement with the supplier of the vending machines for the green labelling for healthy products, posters with recommendations in break areas, criteria from the Nutrition, Physical Activity and Obesity Prevention Strategy (NAOS) when hiring the services of hotels and restaurants, as well as other measures to improve employees eating habits. Our own Medical Services have led numerous campaigns and initiatives for the prevention of, and information on, illness and health promotion, such as the Healthy Tapas competition.
- Physical-activity-related: Plans for warming up and stretching before working hours, programmes like 'Step by step for your health' to encourage walking and the creation of sports teams to participate in different leagues. Worthy of mention is the Sports' Social Network, launched in 2014, a space to encourage sport and physical activity, with events, challenges and the exchange of information, a platform where FCC employees can share, create and participate in a healthier and more active life.



FCC a Healthy Company is a reality inspired to improve the health, safety and welfare of the people who work at FCC that has an impact on companies and communities where the Company provides services, with sustainable, responsible and effective management. The FCC Group formalises this reality by adherence to the Luxembourg Declaration. During the past two years, various Group regional offices have gradually formalised their certification as a Healthy Company through AENOR, as in the cases of the regional offices in La Rioja, Aragon and Catalonia.

Leadership and contribution to health and safety projects

FCC's objective is to acquire profound knowledge through learning and experience in order to implement the most effective measures. This requires constant monitoring and evaluation of decisions and results, collaboration with other stakeholders and maintaining an ongoing process of studying new information and news related to this matter.

However, the correct implementation of the conclusions and the programmes designed to improve people's safety requires their involvement. The communication of results is a key element, not only for internal management but also to publicise our achievements and efforts and to disseminate good conduct that may be applied by other stakeholders. To this end, various communication media are used, both internally and externally:

- Internal: this includes the Company's intranet portals and those specialising in health, safety, occupational risks and road safety which provide information and documentation in addition to an agenda of related activities. In case of emergencies, employees also have a communication channel for serious accidents and an email address (*direccionprl@fcc.es*) for other needs.
- External: this includes the FCC Bulletin (Red de Comunicación), which has a special section called "Wellness".

Promotion, collaboration and health and safety awards

FCC continues to be actively engaged in the promotion and dissemination of a health and safety culture, in addition to encouraging good practices, and it continues to implement various initiatives that promote good habits among its professionals:

- FCC Aqualia has renewed the certification of the Occupational Health and Safety Management System in accordance with the OHSAS 18001 standard at the national level, and has obtained it internationally at almost all of the Company's sites, including the ones located in the following countries: Mexico, Uruguay, Chile, Montenegro, Portugal, Italy, Czech Republic, Algeria and Saudi Arabia.
- 2015 Distinction from the Valencian Institute of Occupational Health and Safety (INVASSAT) for FCC Aqualia for conducting research on the prevention of occupational risks.
- Recognition by Asepeyo of the FCC Aqualia regional offices in Almeria and the Balearic Islands for their work on reducing workplace accidents.
- In the Middle East, FCC Aqualia's work was recognised as a candidate in the Daman Health & Safety Awards.
- Organisation of conferences by FCC Aqualia on health and safety in collaboration with government agencies. Of particular note are those organised on risks in the integrated water cycle sector at the Occupational Risks Prevention Centre in Malaga, or the training seminar on confined spaces given through the Occupational Risks Prevention Centre in Almeria, both operating under the Andalusian Regional Government.

This promotion and dissemination of health and safety by FCC Group extends outside the Company by sharing knowledge in this field in various forums, conferences and other events, among which are:

- Participation of the Environment division at the 4th National Occupational Health and Safety Conference at the University of Zaragoza.
- Participation of the Environment division in technical seminars by INSHT, the Spanish Network of Healthy Companies: a path to workers' holistic health.
- Participation by the Environment division as speakers at the Foment del Treball "Communication and Marketing in Occupational Risk Prevention" conference.
- Participation in the European Week for Health and Safety.
- Participation of the Environment division as a speaker at the INSHT panel session "Good practices in participatory management of psychosocial risks".
- Participation of the Environment division as speakers on models of good practice at the INSHT technical conference "How to focus on psychosocial risk prevention: awareness, participation and models of good practice".

4. Extending FCC's Principles along the Supply Chain

A management model that ensures transparency, competitiveness and objectivity

The centralization of the procurement system in the FCC Group enables the application of the basic guidelines contained in the Group procurement policy, as well as its uniform management, guaranteeing FCC's basic principles in procurement: transparency, competitiveness and objectivity.

This model has three headings for business purchases, in order to take advantage of, in the most efficient way, synergies by economies of scale, generating healthy competition among suppliers, and facilitating the implementation and follow-up of the agreements made in the relationship with them.

Reliability of the procurement model

FCC's procurement management model is certified under the UNE-CWA 15869 Added Value Purchasing Management, which promotes and certifies excellence in procurement management.

The fundamentals of the procurement model are set out in the Procurement Policy and in the internal procedures to ensure that the processes are carried out with due diligence and to guarantee the most optimal implementation of the regulation from the point of view of the resources and requirements of the business:

- The segregation of duties, and the definition of responsibilities, with supplementary and independent figures to oversee the implementation of the principles of the policy and procedures, encouraging team work at all times.
- Decision-making is carried out jointly and in consensus through the Procurement Committee, which analyses all offers and helps to make the decision regarding the best offer, according to the economic criteria of quality and reliability.
- Those involved in decision-making must be objective and the incentives for the decisions must be aligned with the results.
- It is a traceable, transparent and auditable process from start to finish. The procurement processes are performed in a documented and justified manner, making use of the electronic tools available and are in the process of being implemented in all procurement centres throughout the world.
- The centralised model does not allow for constraints, it promoting competition and competitiveness of suppliers, except when the suitability of the service requires taking a decision based on the business with reasonable justification.
- Compliance with principles and applicable regulations, ensuring the conditions of the contracts awarded are adhered to at all times.
- The handling of data and information is done in a manner that ensures confidentiality.
- All orders arising from awards are issued or validated by the central purchasing department, which favours compliance with the agreements reached with suppliers.
- Purchasing activity elaborates a periodic report which is sent to Management.

Responsibilities and objectives in supply chain management

The different departments that make up the procurement function at FCC share a number of quality objectives in the management of the purchasing process:

- Total cost. Centralized management allows the bringing together of needs and negotiations to be carried out from a strategic and privileged position, making it possible for the Company to generate savings in the procurement process, while avoiding a number of risks that could result from the wrong choice of supplier.
- Internal customer satisfaction. The end result of choice of supplier and purchase must meet the needs of the end user department of that purchase. In this sense, understanding end-user satisfaction helps to provide guidance to those responsible for purchases with respect to issues to which more attention should be given in future purchases.
- Supplier quality. Centralized management and compliance with the foundations of the model ensure the quality of the contracted suppliers is maintained and kept to the highest standards, helping to improve the service received and the satisfaction of the internal customer.

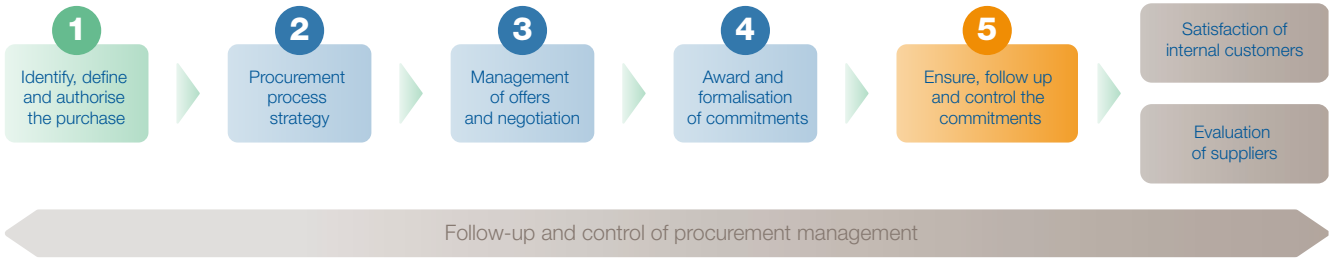
A solid process with well-defined responsibilities

The procurement process is structured into five different steps in which each of the areas of the Purchasing Department participate (sourcing, provisioning, and processes).

The Purchasing Department is present throughout the purchasing process, carrying out monitoring and management control of same. Coordination with the Procurement Committee is the responsibility of the department, having the purpose of ensuring compliance with the principles of the model and of the regulations, ensuring unanimity in decision-making.

For its part, the Sourcing department leads and coordinates the negotiation processes of the purchases once it has been authorised. It is the responsibility of the department to review the purchase order and request further details if deemed necessary, in order to request offers that are better focused on the needs of the user units. The sourcing team analyses the offers received, by reviewing all aspects (economic, commercial and technical) and proposes a negotiation and award strategy to members of the Procurement Committee.

In the case of the Provisioning and Procurement Control Department, among its functions is the coordination, management and planning of the requests for issuing purchase orders; the periodic monitoring of budgetary control, providing information to the manager of the purchase or the unit managing the cost; and monitoring and controlling compliance with commitments made to suppliers.



The evaluation of suppliers is performed by the Purchasing Department, categorizing the suppliers according to the product portfolio of the three heads of the Group. This department is also responsible for the evaluation and monitoring of internal customer satisfaction with the management of the purchases.

In 2015 FCC Group started to implement an electronic tool to manage its purchases, together with a specialist supplier. The tool is already in the testing phase for Spain and the aim is to expand its reach internationally in all operations and geographical areas so that the system's cover spans across all operations of the Group. During 2016, efforts will focus on implementation in the subsidiary FCC Environment (UK).

Efficient purchasing and responsible commitment

Since 2016, the purchasing function of FCC Group is the responsibility of the Administration and Finance Management. This strategic move is a step forward in regards to the efficiency of the purchasing function and strengthens its position in the Company. As a result of the change, the corporate policy of reducing costs and improving budget management of the business areas is materialised.

These functions to adapt to budgets and efficiency in purchases contribute to cost reduction. Two of the most notable examples in 2015 include the management of the fleet of leased vehicles and the implementation and management of an electronic tool for corporate travel.

With regard to the identification of risks associated with the supply chain, FCC Group has a clause that requires all its suppliers to declare their knowledge of and commitment to its Code of Ethics. In addition to the above, analyses are performed on all new suppliers prior to the formalisation of contractual relations. This analysis includes visits to its facilities, personal interviews with management and requesting relevant information, among other actions.

In Spain, FCC Group carries out the management of documentation and legality through Obralia, a platform specialising in the construction sector platform on which all suppliers must register in order to work. The objective in the medium term is to migrate to a global platform that includes all suppliers.

V. Smart Services

We design the future of our communities

The history of FCC Group has been based on the provision of services for the functioning of urban communities, from the design and construction of infrastructure and cleaning and management of waste to the integrated water cycle.

Citizens are the key element in all FCC's activities and their needs shape the Group's corporate strategy. In order to adapt itself to the challenges of the future of cities, the Company must base its innovation efforts on the trends that transform the way in which the population evolves.

The fight against climate change from the double alignment (mitigation and adaptation) and responsible environmental activities are a challenge and an opportunity for efficiency and business, from project planning to implementation and subsequent management.

1. Sustainable Citizen Services

The importance of urban management continues to increase due to rapid population growth in cities around the world, which is expected to reach 6,500 million by 2050. Administrations are responsible for providing their citizens with appropriate infrastructure and services to improve the safety and sustainability of large cities. FCC Group makes the needs of citizens a key element in its strategy and delivering services that promote quality of life is the cornerstone of the Company's business model.

Milestones in 2015

- Success and enlargement of Santander's SmartWater project, expanding the range of implementation to the entire Cantabrian city in 2015.
- Continuation of Eco-Cities Observatory project in collaboration with Rey Juan Carlos University to assess the challenges of the cities of the future.
- Sponsorship of the study entitled “Perspectives on urban infrastructures 2015”, performed by *The Economist*.
- FCC Aqualia enjoyed the cooperation of Mejoras Energéticas, receiving a supply of equipment and other solutions.
- New participation in major forums and conferences to promote an innovative design of the future of cities.

Challenges for 2016

- Finish the Eco-Cities Observatory project and issue the biennial report on the conclusions obtained.
- Continue the Company's information-sharing activities through participation in the forums, conferences and activities of prestigious associations.
- Progress in expanding the SmartWater project throughout the city of Santander.

Forces of change and urban dynamism

As we saw earlier, most of the world's population and economic growth is concentrated in urban areas. More than half of the world's population lives in big cities and it is estimated that this figure could reach up to 80% of the total by 2050. In addition, other forces shaping the future of these agglomerations are climate change, the scarcity of resources such as water or energy, and environmental impact, which encourages these forces.

This development entails the need for adaptive management with principles of efficiency and sustainability. To do this, public-private partnership is positioned as one of the resources with more market presence and citizens are the key element in the projects and services undertaken.

Of the various challenges that cities must face, we are highlighting those where FCC Group operates and the characteristics the services offered must include:

Challenges for the cities of the future

Waste management, a problem of progressive urbanisation and the increase in the middle class

Legislation actively promotes efficiency in the elimination of wastes and encourages the recycling and recovery of wastes as a response to the growing quantity of waste produced in cities.

The scarcity of water versus the increase in demand

Forecasts for upcoming years identify an increase in pressure on water resources in a large part of the world.

This phenomenon offers opportunities to companies able to offer to the market innovative approaches related to the management of the integrated water cycle and that are committed to innovation in matters of water efficiency.

More efficient buildings, communities and services

Of increasing importance is the concept of eco-efficiency in the development of new products, services, technologies, systems and models. It is necessary to increase the productivity of natural resources, as well as to reduce the impact on the environment (reduction of water and energy consumption) throughout the entire design life of products.

FCC Group's adaptation to the new environment

The Citizens Services implemented by FCC Group make the end user of these services, i.e., the population, the key element in its strategic vision, based on a strong desire to create communities that are sustainable in social, economic and environmental terms. To this end, it is essential to promote a dual path of action, such as corporate responsibility in the Company's business model, and raising the awareness of citizens so that they will be participants in the sustainable development of our society over the next few years.

FCC considers the technology, experience and expertise in the areas where it operates to be key to the quality of their services and the basis for finding solutions to the new needs of the future. As we have seen, this specialisation is channelled through three business lines which attempt to resolve challenges separately in order to get an overall result for all:

- Environmental Services: for managing waste and its environmental impact.
- Integrated Water Management: for solutions to the challenges posed by the future of this resource.
- Infrastructure: for the design and implementation of infrastructure adapted to the new reality.

Observatory of social expectations and trends: Eco-Cities Project

In 2014 FCC signed an agreement with King Juan Carlos University for the creation of an observatory on eco-efficient services in the cities.

The objective of the project is to identify the big challenges that will confront the cities of the future in areas such as infrastructure, waste management, power consumption and energy efficiency, water use and sustainability, among others.

The agreement has a planned duration of two years, after which a report will be produced with a view to the year 2020. The project has benefited from the collaboration of the prestigious London School of Economics.

The findings of the report will make it possible to make decisions and adopt strategies on the basis of previously contrasted data and evidence, so that services can be designed and goals establish that are tailored to the needs of the cities of the future.

SmartWater project

In Santander the initiative entitled “Smart Water: the Intelligent Management of Water Services through New Technologies” was launched in 2013, with the purpose of creating a smart service for water management in urban environments where the citizen can participate in management via their tablet, PC or smart phone.

The Smart Water Project, promoted by Santander City Council, FCC Aqualia and the University of Cantabria, allows for the improvement of data collection from meters and other sensors within the water network with the view to using them for efficient management and for providing real-time information to citizens, and improving the service offered thanks to the implementation of advanced technology.

Some of the benefits of this project are the immediate detection of incidents, frauds, optimisation of energy, information on consumption, monitoring of sanitation networks, detection of overflows and advanced pressure management that reduces repair costs. In addition, the project applies the *Primus Line* technique, which enables rapid installation, minimising the environmental impact and inconvenience to citizens.

During 2015 the initiative integrated smart water management underwent a period of expansion in the city, given its initial success in the Nueva Montaña district. January saw the commencement of a second phase with a budget of 260,000 euros and a four-month execution period for Santander's city centre area. A few months later, in April, an agreement was signed to extend the project to the entire city with a budget of 200,000 euros and an execution period of twenty-four months. Furthermore, within the pilot project, there will also be experimentation with the use of drainage techniques to mitigate the effects of climate change.



Also, throughout the year Mejoras Energéticas collaborated, by supplying a range of equipment and solutions to support FCC Aqualia in achieving its objectives.

Participation in events for the dissemination and promotion of knowledge

FCC Group is committed to the dissemination of knowledge gained by the Company's extensive experience in the various areas in which it operates, with the aim of promoting the progress of the design of future cities. Therefore, it actively participates in forums and other outreach events that make it a reference in the sector, including the following:

Participation in forums and events

Association of Public Cleaning Companies	FCC Medio Ambiente has participated in work meetings held with companies involved in the organisation ASELIP to deal with the new regulations on waste and climate change.
Association of Comprehensive Maintenance and Energy Services Companies (AMI)	FCC participates in the Association of Comprehensive Maintenance and Energy Services Companies, which is a member of the Board of the Spanish Confederation of Employers' Organisation (CEOE) and founding member of the European EFIEES Employer's Association *(European Federation of Intelligent Energy Efficiency Services)*.
Forum for Waste Energy Generators (FGER)	The Company participates in the Waste Energy Generators' Forum, FGER (in Spanish), whose goal is the promotion of the energy production from waste and the defence of professionals and businesses interests that generate such energy.
Environmental Forum Foundation	FCC Medio Ambiente collaborates with the Foundation and participates in dialogue with other companies, administrations and the rest of society to achieve a more sustainable model.
Conference on Innovation and Sustainability in the City of Avila	Actions related to the transmission of knowledge in areas such as waste management, the fight against climate change, improving air quality, smart cities, road safety, corporate social responsibility and maintenance of parks and gardens were carried out.
Association of Recovery Plants and Selection of Municipal Packaging (ASPLARSEM)	In 2015, the packaging selection plant in Salamanca, managed by FCC, received first prize in the Ideas Competition organized by this organisation.
Technical Association for Waste Management and the Environment (ATEGRUS)	FCC Environment collaborated with the Association, whose purpose is to serve as a meeting point between institutions, companies and technicians from Spain and Latin America, to facilitate the sustainable development technologies and cleaning processes, urban sanitation and waste treatment.
XXIX Annual Convention and Expo 2015 ANEAS (Chihuahua, Mexico)	ANEAS is a key event and one of the main references of the water sector in Mexico There, FCC Aqualia once again demonstrated its ability to deal with a wide variety of projects.



ASPLARSEM Ideas Contest award.

IDA 2015 World Congress (San Diego, USA)	Organized by the International Desalination Association (IDA), it is the most important event in the world on desalination.
World Water Week (Stockholm, Sweden)	Leading annual event for global water issues and international development, with more than 2,500 participants from 130 countries.
Smart City World Congress, Barcelona	Just as in 2014, the Water Division was present at the fifth edition of the *Smart City World* Congress Barcelona, one of the most important events in the field of smart cities with the participation of more than five hundred cities.

European Benchmarking Cooperation (Jerez, Spain)	Aquajerez participated in the ninth edition of *European Benchmarking* Cooperation (EBC), along with companies from 21 countries, mostly European, and about four hundred event attendees.
Infraportos International Conference, South America, in Brazil	Leading event in Latin America in the port sector. Its goal is to promote a meeting between ports, terminals and port operators and equipment manufacturers and technologies.
2nd Edition Colombia Business Summit	Event held in Paris attended by international executives and government officials to discuss the opportunities and challenges of this country with great development potential.
IX Meeting of the infrastructure sector of Deloitte, Madrid	Meeting organised by Deloitte, OHL, Alstom and ABC to analyse the opportunities and challenges in the domestic and international markets for infrastructure, new financing trends and prospects within the concessions sector, railways, water and ports.
Third Annual Congress of Central America and the Caribbean	Professional meeting focused on financial and infrastructure projects *(Central American & Caribbean Capital Projects & Infrastructure Summit)*.
Mexican summit on infrastructure investment and development	Round table to exchange ideas and views on the development of major projects carried out by the Company and future development in Mexico of freight and passenger railway infrastructure.
III International Conference on the Management of Odours	The third edition of the conference, organized by the University of the Basque Country was held in Bilbao with a scientific committee of about fifty members and the publication of more than thirty related articles.
42 PARJAP, Oviedo	42nd edition of the National Conference on Public Parks and Gardens organised every year by the Spanish Association of Public Parks and Gardens in collaboration with the host city of each edition, this year Oviedo.
Barcelona's Experience in Resilience	This is an event organised by the UN's City Resilience Profiling Programme in collaboration with the City of Barcelona and the *BCN Urban Resilience Partnership*. This international event aims to share the model of Barcelona's resilience and identify keys to success for its future.
CONAMA Local, Malaga	This conference on climate change addresses the key issues in managing municipalities, such as waste, rehabilitation or mobility from different perspectives; as well as business opportunities, needs for planning or the implementation of concrete measures. It celebrated its ninth edition in 2015 with the desire to continue some of the work done at Conama2014, which was devoted to the low carbon economy.
Sabadell Smart Congress	With approximately five hundred conference attendees and representatives from fifteen municipalities, the Smart Cities Conference was held in Sabadell. It also included the participation of different universities and consulting firms to address the topic of *smart cities*.

2. The Promotion of Innovation at FCC

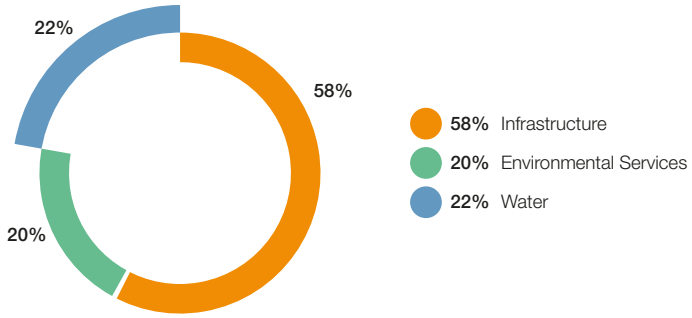
Innovation and experience for future solutions

The dynamism of the needs of the population, technological developments and the increasing competitiveness of the market make innovation the basis for the Company's sustainability. The FCC Group is aware of the importance of developing R&D&i projects to address the problems of citizens in the long term and therefore devotes a considerable amount of financial and human resources to this purpose.

To do this, FCC sets the research guidelines for the various business areas and coordinates activities to correspond with the common goals of the Company's strategy, such as the transition to a low carbon economy or measuring the impacts of energy consumption and the water footprint.

Investment in R&D&i (2015)

Over 13 Million euros



Innovation Committee

- Coordination and management of R&D&I activities
- Aligning initiatives to the main strategic lines
- Definition of the new research paths

Milestones in 2015

- The work on FCC Ámbito's RECO$_2$VAL for the use of waste with high calcium content to capture the CO_2 emissions from facilities finalised.
- Finalisation of five of FCC Aqualia's projects: Regenera, Downstream, Innpactar, Remembrane and UrbanWater.
- FCC Aqualia's two projects in the sustainability area, All-gas and Renovagas, were continued.
- FCC Aqualia's three European projects in the quality area, Life Memory, Life Biosol and CIP Cleanwater were continued.
- FCC Aqualia's Motrem project from its Smart Management division was continued.
- Five new innovation projects were started at FCC Aqualia: CIEN Smart Green Gas, Biowamet BESTF2, Innova E3N, Life Icirbus and Life Methamorphosis, the latter in collaboration with FCC's Medio Ambiente Division.
- FCC Aqualia obtained three new patents (two European and one Spanish) on two key aspects of algae cultivation: the reactor configuration (LEAR: Low Energy Algae Reactor) and the CO_2 enrichment system to reduce energy consumption.
- Presentation of the results of research at various conferences and events.
- Increased number of electronic bills issued (675,000) and a 32% increase in customers for this type of bill.
- Certificate for the R&D&i management system: Requirements for the R&D&i management system was revalidated according to UNE Standard 166002.2006.
- Development of different innovation projects in the infrastructure area, notably: methodology for the design and optimisation of caisson cycles in maritime infrastructure (DOVICAIM); optical systems for managing transitory risks (SORTI); and the tool for the monitoring, management and control of facilities (OPTIPORT15).
- The PR/FCC 730 and the R&D&i Internal Service Procedure have been adapted to the new ISO 166002:2014 standard.
- New technologies for electric-hybrid motorisation with a new system of ultra-capacitors at FCC Medio Ambiente:
  1) The VEMTESU project: the design and development of a prototype for a hybrid electric permanent drive vehicle.
  2) The CAMION ULTRACAPS project: design, development and validation of new vehicles for the collection of MSW.
- Submission of the application for European patents for the collection and treatment of urban waste (Diana System and Caruso) within the framework of the IISIS project at FCC Medio Ambiente.

Challenges in 2016

- Progress in the projects from FCC Aqualia's area of sustainability: All-gas and Renovagas.
- Promote research and registering of patents to place the company at the forefront of the industry technology panorama.
- Participate again in renowned events to disseminate the knowledge gained.
- Progress in innovation projects initiated in the quality area and identify new areas for improvement.
- Continue the development of the MOTREM Smart Management project.
- Promote the innovation projects initiated during 2015 and evaluate possible investments with high added value.

Innovation at FCC Medio Ambiente

Efforts related to innovation at FCC Medio Ambiente focus primarily on two areas for improvement: responsible water management and reducing greenhouse gas (GHGs) emissions.

To do this, work is being carried out on the monitoring and handling of information, as well as integrating new technologies into the various process for more efficient communication.

Some of the projects carried out during 2015 are:

The LIFE METHAmorphosis project

The main objective of this research is the enrichment of biogas and purifying it to biomethane, demonstrating both the technical and economic viability and its use in the automotive sector in light and heavy vehicles. The aim is to reduce GHGs with alternative, renewable and indigenous fuels. It also aims to demonstrate the feasibility of feeding it into the distribution network.

The VEMTESU project

This line of research is mainly aimed at developing a protocol for a "plug-in" hybrid electric permanent drive vehicle without a mechanical transmission with an extension of range that is equipped with a system of batteries and ultra-capacitors that work together, complementing each other and increasing efficiency. The vehicle will also have a novel structural design and composition through the concept of self-powered, modular body and the initial adoption of a low cab, improving the ergonomics of the operator during work.

The following product design specification activities were carried out in 2015:

- Study and definition of energy, structural, environmental and safety regulatory and approval requirements.
- Definition and technical conceptual design of the configuration of the e-hybrid propulsion and the definition and design of the modular architecture and structure.

Progress in the following areas of research includes:

Recovery of waste in treatment plants

Work is being done on monitoring variables and indicators in joint processes of biological treatment of municipal solid wastes with a view to creating a model of these processes to improve the production and energy yield of these facilities.

Automation

Work is being done on a collaborative basis with suppliers of technology to reduce emissions and noises in the vehicle fleet.

Intensity indicators

Definition of the methodology to calculate intensity indicators in order to establish environmental traceability of the services provided, in scientific collaboration with universities and technological centres-

The CAMIÓN ULTRACAPS Project

The main objective is the design, development and validation of new vehicles for the collection of municipal solid waste with an innovative hybrid electric technology using a novel system of ultra-capacitors as the energy storage elements instead of batteries. The project "Study, analysis and development of new technologies in hybrid and electric motorisation for the MSW collection lorry" began in January 2014.

The vehicle involved in the project employs a hybrid technology using ultra-capacitors instead of batteries, devices capable of sustaining a high energy density compared to normal capacitors as their capacitance is a thousand times greater.

Because of their efficient use of energy, these devices are one of the most important in carrying out research on means of transport. The leveraging of energy comes mainly from allowing for a better discharge of energy during acceleration of the vehicle, compared with batteries, in addition to achieving greater recovery of regenerative energy in braking processes.



Electric sweeper

ENERCIUDAD 2020

The objective of the project is the development of a system of "*energy harvesting*" for urban environments through flexible latest-generation organic photovoltaic technology (OPV).

The first phase of the project involves identifying the components and urban furniture where this capture application has a potential use. The next phase of the project consists of developing "*roll-to-toll*" solar photovoltaic modules for the subsequent manufacture of demonstrators with integrated photovoltaic modules based on the initially detected applications identified.

Technological and environmental commitment: supporting the smart green growth of the city of Barcelona

FCC Medio Ambiente has based its sewer maintenance work in Barcelona on a range of cutting edge solutions that incorporate innovative, smart, efficient and interconnected technologies, thereby satisfying the principles of sustainability necessary in the current management of future cities.

Research and development have been the cornerstone of the service provided. The performance of the services has incorporated into the model a series of processes and advanced technological means that are compatible and interconnected, the results of research and development work undertaken by the Medio Ambiente Division in collaboration with various research centres.

The technologies used in the service include ultrasonic sensors to measure the thickness of the sediments, drones for inspecting sewerage pipes and detecting spots on coastal waters; electric utility vehicles that incorporate robotic machinery for arduous work related to construction works; geographic information management systems; advanced dynamic service management: inventory, inspections, outstanding activities, dynamic planning, performances; and the control of the fleet via GPS.

Innovation at FCC Aqualia

The Department of Innovation and Technology is in charge of R&D&i, which takes place through the participation of all Company employees who become involved throughout the process. These employees are part of the innovation in the Company, from identifying opportunities and areas for improvement to the execution of the projects themselves.

Stakeholders are the main source of information from which new ideas originate, and this is why FCC Aqualia remains in ongoing contact with them. In addition, the Company collaborates with different associations, universities and research centres to carry out these innovation activities.

The selected projects are aimed at improving performance and efficiency and revolve around three areas of research:

FCC Aqualia has a system certified by AENOR under the requirements of the UNE 166002: 2006 standard that allows for the control of resources and continuous monitoring of the results obtained.

FCC Aqualia's activities in innovation projects has consolidated during 2015, adding new European projects to each of the three areas of development. In total, FCC Aqualia initiated five new projects in 2015, including:

Quality

- Standard indicators for drinking water.
- Reuse of water.
- Desalinisation.
- Measurement of analyses.

Sustainability

- Reduction of energy consumption and emissions.
- The use of wastewater and waste as resources.
- Alternative technologies.

Smart Management

- Management systems.
- Optimization of water resources.
- ICT (Information and Communication Technologies).

CIEN SMART Green Gas

Within the framework of the CDTI (Centre for the Development of Industrial Technology) of the National Consortia of Business Research (CIEN) FCC Aqualia leads a consortium of six companies whose goal is to obtain high-quality biomethane from urban and agro-industrial waste. To achieve this objective, maximum efficiency systems for biogas production will be developed along with new biomethane treatment, refining and production processes.

The consortium that makes up SMART Green Gas has the support of many public research institutions including universities and research centres in four Spanish autonomous regions.

Biowamet BESTF2 (anaerobic systems for transforming organic matter into methane)

The ERA-Net Bestf2 project, which is complementary to the *Life Memory* project, has collaborated with the Universities of Southampton and Delft to develop anaerobic reactors with membranes that allow bioenergy to be obtained from wastewater.

Life Icirbus

FCC Aqualia participates in the *Innovative Circular Business* (Icirbus) project, whose objective is to implement the concept of circular economy through actions focused on the cascading use of waste from regional industries of biomass energy and water treatment to become new organic products validated for the fertiliser and building materials industries.

The project proposes an innovative inter-industrial structure of collaboration, or "industrial symbiosis", which reduces the amount of local waste and increases the production and competitiveness of the regional economy in a sustainable and long-term manner. It also benefits from the logistical savings from work at the regional level and integrates additional efficiency measures for the optimised use of energy, water and materials.

Overall, the project will address better management of two of the most problematic wastes in the EU: sewage sludge and construction waste by designing and testing low-impact recyclable materials for buildings and the inclusion of WWTP sludge treatment.

During 2015, FCC Aqualia obtained two new European patents and a Spanish patent on two key aspects of cultivating algae: the configuration of the LEAR (Low Energy Algae Reactor) reactor and the enrichment system with CO_2 to reduce operating energy expenditures:

- EP 13382470.6: Open reactor for the cultivation of microalgae.
- EP 13178678.2: Carbonation system for microalgae cultivation.
- P 201231485: Carbonation system for microalgae cultivation.

Participation in conferences and scientific events

The Water Division has presented the results of their research in various national and international conferences of relevance, such as:

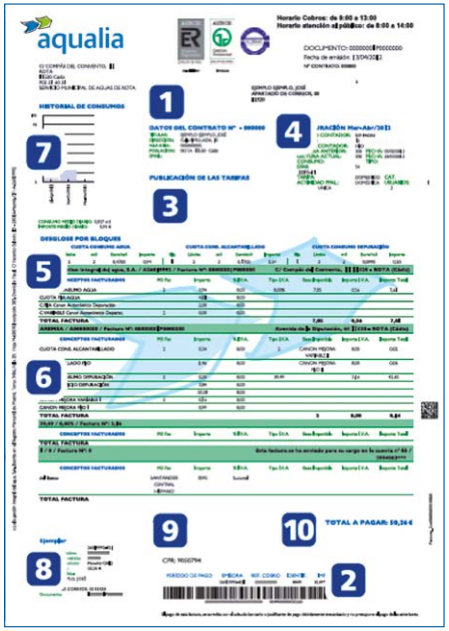
- International Water Association Leading Edge Technology 2015 (Hong Kong).
- Water Environment Federation (Washington DC, USA).
- WATEC Conference (Tel Aviv, Israel).
- World Congress on Anaerobic Digestion (Chile).
- SMARTURBAN Conference (Extremadura, Spain).
- AEAS seminars (Burgos).



International Water Association Leading Edge Technology 2015 (Hong Kong).

Personalised billing

FCC Aqualia has progressively implemented improvements in the design of its bills. Among these are the inclusion of analytical results along with other information and the incorporation of notifications to raise awareness about responsible consumption. In addition, to facilitate their understanding, the designs are customised for each type of customer, structuring the information to facilitate their comprehension.



Transparent bill

The bills issued by FCC Aqualia are customized to its customers, in the official language of each territory, and geared to their easy comprehension. The set of processes and resources such as water catchments belonging to the natural environment, its transformation into drinking water, the distribution to homes and its return to nature include a wide range of factors that are reflected in the invoice through its various concepts (water, sanitation, purification, etc.).

FCC Aqualia bills are accompanied by explanations and contain the following data:

– name of the contract holder (1),

– data of interest (2),

– a publication of rates (3),

– billing details (4),

– description of the blocks of consumption and prices (5),

– details of the concepts and the amount billed (6),

– histogram of consumption (7),

– data for payment collection control (8),

– payment due date (9) and

– total amount due (10).

In 2015 at total of 675,000 electronic bills were issued for 174,500 customers, which was a 32% increase in customers.

FCC Aqualia issues three types of bills based on each customer's preference: detailed regular bill, bill summary and itemised bill summary.

Since 2014, FCC Aqualia, through its Italian enterprise Caltaqua, has offered the possibility of receiving electronic bills in accordance with the new Italian legislation.

This is a very innovative project, called H2ONLINE, which enables bills to be paid online.

Smart meters

In its work to optimize water management processes, FCC Aqualia applies the latest technology for integrating smart systems into homes. The Company installs home water networks differentiated according to use, reuse systems and smart meters for automating readings.

These smart devices have an electronic system capable of storing certain data in order to know consumption patterns, rates and other services at all times, thereby allowing for the creation of personalised suggestions on consumption habits to boost efficiency and save resources. Thus, in 2015 a total of 57,600 remote meter readings were done.

Innovation at FCC Construcción

Innovative activity in the FCC Construcción division follows a policy of active promotion that drives the continuous development of technology and encouraging its application to new infrastructure projects. In addition, the Company participates in various R&D&i initiatives and innovation programmes at national and international levels.

The aim of this commitment is to maintain FCC Construcción as a reference in terms of leadership through its presence in major advances in the sector in areas such as materials, equipment and processes during upcoming decades. The Company considers the following lines of R&D&i to be priority:

- **Railway infrastructure**
- **Rehabilitation, energy efficiency, and smart cities**
- **Marine construction**
- **Consideration of design life**
- **New materials, processes, and safety**
- **Integration of other technologies (IT)**

The Company has had its certificate for the R&D&i management system revalidated: Requirements for the R&D&i management system according to UNE Standard 166002.2006. In addition, the PR/FCC 730 and the R&D&i Internal Service Procedure have been adapted to the new ISO 166002: 2014 standard. Investment in R&D&i in infrastructure in 2015 was 7,847,511 euros.

The projects in sustainable infrastructure implemented include:

DOVICAIM: Methodology for the design and optimisation of caisson life cycles in maritime infrastructure.

FCC Construcción leads the project of developing an integrated methodology and the tools needed to support the entire life cycle of building in maritime infrastructure with caissons prefabricated in a floating caisson plant, including design, optimisation, construction, installation and operation. The IH Cantabria Environmental Hydraulics Institute is also taking part in the project. The new development will integrate the knowledge and experience gained in the field, the most advanced numerical models in the study of the flow/structure interaction, calibrated and validated with a combination of unique laboratory and field data. This will be a competitive improvement of the consortium in the field of port engineering and, specifically, in the field of construction for FCC Construcción. The specific objectives of the project are:

1. Carry out a specific field campaign at FCC Construcción's construction works in the Port of Granadilla (Tenerife) to monitor specific transport, stockpiling and mooring.
2. The adaptation of an advanced three-dimensional model for the numerical modelling of maritime structures to the Company's specifications.
3. The development of a methodology and calibrated and validated simulator of caisson stockpiling and installation.
4. Development of a simulator of special medium and long distance transports.
5. Development of operational systems to aid mooring of vertical caissons.



Mar Aneto floating dock. The DOVICAIM project.

SORTI: Optical systems for managing transient risks

The main objective of this project is the development of tools based on optical systems and new technologies for identifying, monitoring and managing structural risks in buildings and infrastructure in a smart and automatic manner based on telemetry as a means of maximising safety and minimising the risks of physical damage in situations with a high potential for structural collapse.

OPTIPORT15: Tool for monitoring, managing and controlling facilities

The aim of the project is the development of a reliable, robust and flexible tool that, through the integrated simulation of port activity, will support port managers in making decisions related to the management and planning of the port and its resources.

The tool is based on a methodology that models the operation of the necessary elements to simulate water vessel traffic and port facilities. To do this, consideration is given to the ship and its immediate environment, i.e., the access channel, navigation areas, manoeuvring and mooring and ship-port interface, where the loading and unloading of goods is carried out, influenced by the type of terminal and operations in the onshore area.

Active presence in multiple European and national R&D&i organisations

In 2015, through its construction division, FCC continued and intensified its active presence in multiple European and national R&D&i organisations.

- European Construction Technology Platform (ECTP).
- Association E2BA (Energy Efficient Buildings Association, in the process of integration with ECTP).
- REFINE Initiative (Research for Future Infrastructure Networks).
- ENCORD Network (European Network of Construction Companies for Research and Development).

Moreover, nationally, FCC Construcción participates in the Spanish Construction Technology Platform and is actively present in the Platform's Foundation, its Standing Committee and its working groups; Seopan's R&D&i committees, whose presidency has been held by FCC Construcción since 2012, and in the Spanish Confederation of Employers' Organisation (CEOE).

All these organisations aim to define the role of the Company as a driving force for R&D&I in the construction sector in accordance with the proposals of the European H2020 programme and the 2013-2020 Spanish Strategy for Science and Technology and Innovation. It also has an active presence in ADIF's Railways Technology Centre in Malaga.

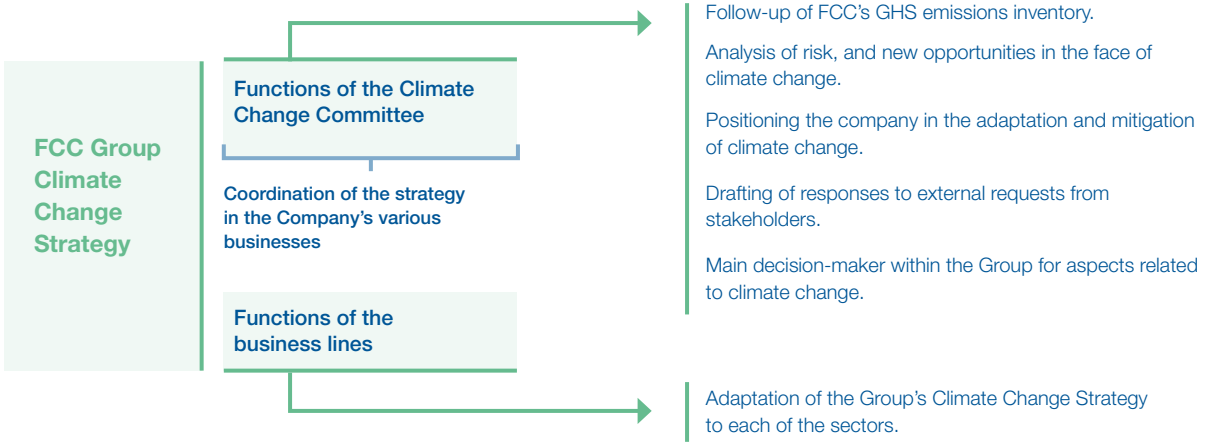
3. FCC against Climate Change

Unity, strategy and innovation against climate change

Climate change is a phenomenon that affects the common element in all areas of the Company's activity, i.e., citizens.

Consequently, the adaptation strategy in this scenario has been developed in collaboration with all the business lines that make up FCC Group.

The promotion of innovation and the search for efficiency are the two guiding principles for achieving the objectives on climate change, with the main target being the city centres worldwide.



Milestones in 2015

- Certification, under ISO 50001, of fifteen FCC Aqualia contracts during 2015 in accordance with the plan agreed with AENOR for adapting in order to comply with the new Directive 2012/27/EU of the European Parliament and Council.
- The carbon footprint of the entire integrated water cycle management activity and the design and construction of water treatment, purification and desalination plants at FCC Aqualia has been calculated and registered.
- Calculation, in collaboration with other organisations, of Cantabria's water footprint.
- Renewal of FCC Medio Ambiente division of the registration of the carbon footprint in the Ministry of Agriculture, Food and Environment's register.

Challenges for 2016

- Certification in 2016 of thirty more contracts under ISO 50001 by FCC Aqualia to continue the plan agreed with AENOR for adapting in order to comply with the new Directive 2012/27/EU of the European Parliament and Council.
- Move towards the goal of reducing emissions in the 2020 Climate Change Strategy.
- Maintain the initiatives undertaken in previous years in the fight against climate change: inventories of emission, calculation of the carbon footprint, carbon emission offsets and absorption and other projects.

Climate Change Strategy

FCC Group is aware of the global impact this phenomenon has on all the Company's activities and it therefore acts in a unified fashion by placing the Board of Directors at the forefront of the fight against it.

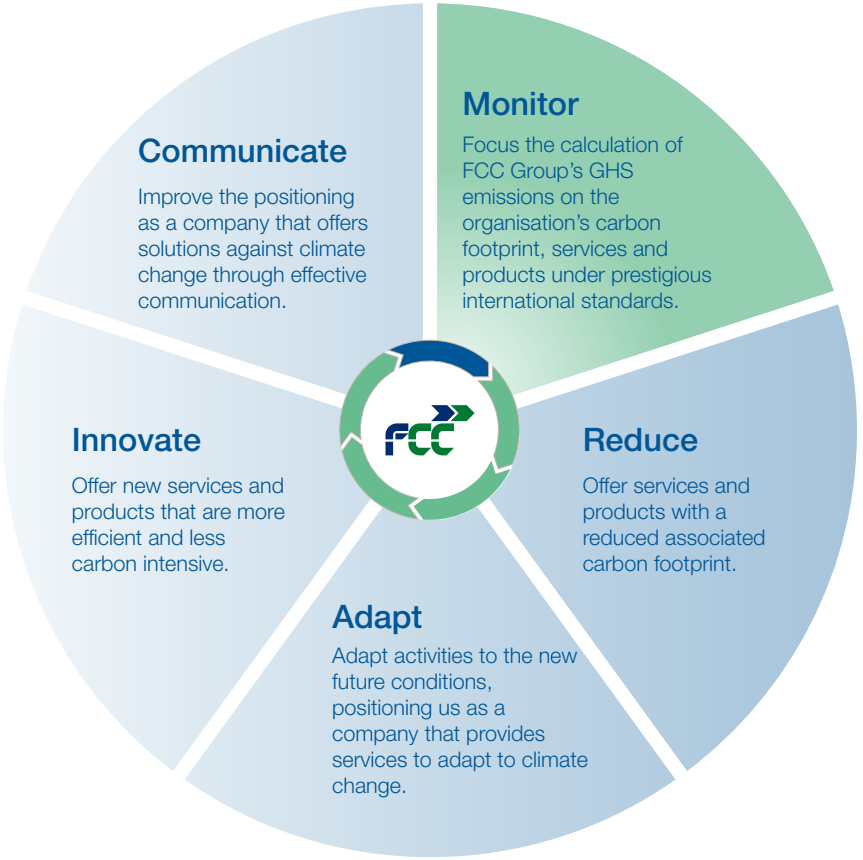
The Board is responsible for the approval of the Climate Change Strategy that will govern the Groups' management in the long term. In addition, through the Committee on Climate Change, which was established in 2011, FCC coordinates the implementation of this strategy in each of its business lines.

The pillars of our strategy

FCC Group developed its "2020 Climate Change Strategy" with the structure described above and the objectives set out in the Corporate Responsibility Master Plan.

The Plan intends to respond to the opportunities presented in the environmental, social and economic sphere through smart services developed accordingly.

This 2020 Climate Change Strategy is structured around five pillars:



Adaptation to Climate Change

Scope	Cement and Construction Sector	Water Sector	Environmental Services Sector
Impacts on activity	• Increase in the costs of production, operation and maintenance processes caused by the action of extreme weather events. • Legal or reputational risks related to carrying out activities in "sensitive" areas" or with "sensitive" resources. • Restriction in the availability of resources. • Incorporation of climate criteria in the regulation of the sector. • Loss of competitiveness as a result of climate impacts. • Risks to the integrity and physical characteristics of the Company's assets, products or projects due the action of climate impacts.	• Restriction in the availability of resources needed for the Company's activity (water). • Risks to the integrity of the Company's assets due to the effects of extreme weather events. • Increase in operating and maintenance costs in facilities due to changes in the characteristics of the resource (water) or changes in operating conditions caused by the action of climate-related effects.	• Faults and interruptions in the teams' operation and maintenance processes due to the action of variations in the weather (particularly changes in temperature and heavy rainfall phenomena). Restrictions on the availability of water for processes. • Risk to the integrity of infrastructure or faults/ interruptions in operating processes generated by the action of extreme weather events. • Stricter regulation regarding the use of resources needed for business activity (particularly water).
Associated challenges	• Stagnation of sector activity in historical markets. • Increase in situations of legal or reputational damage. • Incorporation of climate-based criteria in the activity of the businesses. • Adaptation to a new regulatory framework with greater environmental pressure. • Guarantee of economic viability in the face of increased costs due to the action of climate-related impacts.	• Response to increases in demand in a scenario of increasing scarcity of resources. • Adaptation to a more restrictive future regulatory framework for using water. • Increased risk of the appearance of conflicts over water use. • Guarantee of maximum efficiency in water distribution, supply and consumption processes.	• Management of faults in operating processes, along with shutdowns or interruptions caused by the effect of extreme weather events. • Guarantee of the integrity of the infrastructure and equipment with regard to the effects of weather variability and the action of extreme events. • Reduction of health risks to personnel affected by of variable weather conditions.
Potential opportunities	• Opening of new markets, the need for constructive solutions as short-term adaptation mechanisms. • Development of new products/services framed within solutions that are "more environmentally-friendly". • Improvement as an organisation committed to environmental aspects. • Collaboration with the administration on the integration of climate change into the development of the sector. • Funding of international projects in vulnerable countries within the framework of multilateral banking initiatives.	• Development of new products and services; development of water monitoring and management systems, training at the consumer level. • Development opportunities for water management infrastructure projects in developing countries. • R&D&i projects in areas of water saving and management. • Collaboration with the administration to integrate climate change into the development of the sector and cooperation with other water-consuming sectors to reconcile sector activity with sustainable water use. • Funding of international projects in vulnerable countries within the framework of multilateral banking initiatives.	• Expansion of business activities to developing countries (vulnerable to climate change) in projects to improve waste management infrastructure. • Renovation of infrastructure as a means of managing extreme post-event situations. • Evaluation of alternative sources for the harnessing of same (particularly water). • Funding of international projects in vulnerable countries within the framework of multilateral banking initiatives.

Emission reductions: a common objective for the companies

FCC Group measures and monitors the GHG emissions of all the different areas of the Company. The "2020 Climate Change Strategy" establishes some quantitative targets for emission reductions for all of the Group's lines of business. Based on criteria of energy efficiency, sustainable mobility, recovery and recycling and waste management, the Company intends to reduce 360,000 tonnes of CO_2 equivalent, so that in 2020 a ratio of Mt CO_2eq / M euros of turnover is achieved, that is 3% less than the current rate.

Excluding differences among business lines, the calculation of the scope 3 emissions includes the following: emissions associated with the production and transportation of materials consumed, emissions associated with the execution of outsourced work units, emissions associated with transport and management of waste and surplus materials, emissions associated with Company personnel's business trips, emissions resulting from losses during transport and distribution of electricity, and emissions associated with the consumption of fuels and waste treatment and disposal processes over which the Company does not have operational control.

As an additional measure, FCC Group has a technical guide to energy efficiency. The goal of this guide is to improve savings in corporate spaces and to reduce CO_2 emissions into the atmosphere.

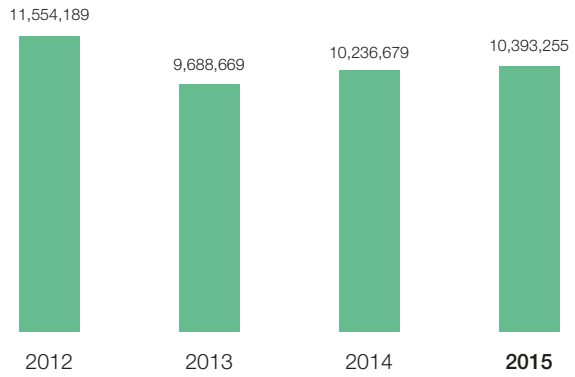
During 2015, there was a slight increase in GHG emissions at FCC Group, reaching a total of 10,393,255 tonnes of CO_2 equivalent, which is an increase of 1.5% over 2014[(2)]. The reasons for these variations are increased process emissions associated with clinker kilns in Cementos Portland Valderrivas in Spain, and landfilling by FCC Environment UK, with increases of 6.4% and 3.5%, respectively.

Commitment to the recovery and self-generation of energy

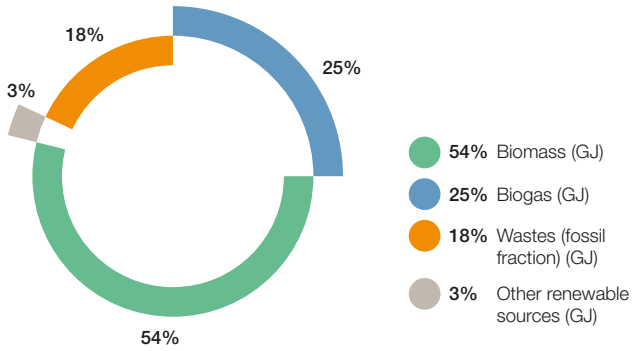
With its goal of reducing emissions, FCC Group is committed to the self-generation of energy.

The introduction of innovative solutions in FCC Medio Ambiente's waste treatment and recovery plants allows the Company to reduce GHG emissions and improve the performance of electrical co-generation, taking advantage of the energy potential of biogas generated in the treatment of urban waste.

Direct and indirect GHG emissions by FCC Group (Scope 1 and 2)) (t CO_2 eq/year)



Consumption of self-produced energy



(2) The GHG emissions were recalculated for 2014 due to the updating of CPV and .A.S.A. data.

The consumption of renewable fuels in 2015 shows a decrease compared to 2014. For its part, the consumption of non-renewable fuels such as natural gas, fuel oil and propane/butane have fallen in the last year by 6.3%, 62.8% and 20.2%, respectively, while the consumption of petrol and diesel have increased by 57.8% and 21.2%.

Power consumption levels remain largely stable, with a slight decrease over the previous period. Thus, total consumption in 2015 was 35,701,999 GJ, which is a reduction of 1% compared to 2014[3].

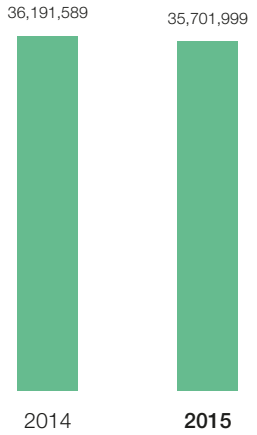
Consumption of renewable fuels by FCC Group according to business areas (GJ)

Fuels	Environmental Services	Water	Infrastructures	Total
Ethanol fuel	1,271.4	–	–	1,271.4
Biodiesel	63,216.4	–	–	63,216.4
Biogas	123,426.7	87,300	–	210,726.7
Biomass	73,966.4	–	664,094	738,060.4

Consumption of non-renewable fuels by FCC Group according to business areas (GJ)

Fuels	Environmental Services	Water	Infrastructures	Total
Natural gas	517,787.1	18,620	283,647	806,170.8
Petrol	31,108.6	11,589.5	37,121.3	79,819.5
Diesel fuel	2,494,940	137,865.6	1,165,424.2	3,798,229.9
Fuel oil	6,429.8	254	116,934.6	123,618.3
Propane and butane	1,570.4	–	3,891.1	5,461.5
Conventional fossil fuels in clinker kilns	–	–	20,370,864	20,370,864
Alternative fossil fuels in clinker kilns	–	–	2,282,640	2,282,640

Total energy consumption (GJ)



[3] The total energy consumption for 2014 was recalculated for 2014 due to the updating of CPV and .A.S.A. data.

FCC Medio Ambiente and environmental efficiency of services

The purpose of FCC Medio Ambiente is to deliver services aimed at reducing the environmental impact of future cities. For years, FCC Medio Ambiente has put its efforts into the definition and validation of management tools aimed at fighting climate change. An example of this is the monitoring of intensity indicators, resource use management, greenhouse gas (GHG) emissions and the carbon footprint.

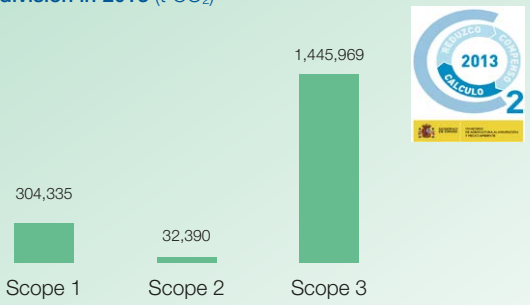
FCC Medio Ambiente carbon footprint reduction strategy

Calculating the carbon footprint results in a greater understanding of the contribution a company makes to climate change as a result of its activities. Thus, it acts as an indicator of the energy efficiency of the various organisations in order to contribute to the fight against climate change.

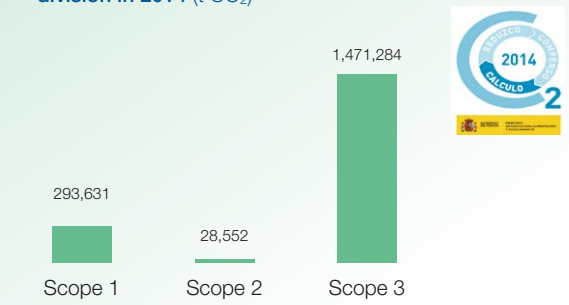
Since 2011, the Environmental Services division has been calculating the organisation's carbon footprint, which has enabled the Company to identify the sources of GHG emissions on which it must act in order to reduce the footprint and, thus, to establish a strategy. In 2014, together with the registration of the organisation's carbon footprint, the Company presented its plan to reduce GHG emissions, which it committed to reduce by 16% the scope 1 in 2015 with respect to 2013, to the Spanish Climate Change Office, (OECC).

The commitment has been fulfilled. The GHG emissions over which the organisation has operational control were reduced by 26% in 2015 compared to 2013 levels, exceeding the target set. All this work has been verified by Det Norske Veritas Business Assurance España, S.L. (DNV-GL) and by BUREAU VERITAS IBERIA S.L.

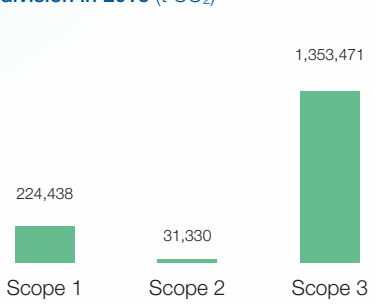
Carbon footprint of the Environmental Services division in 2013 (t CO_2)



Carbon footprint of the Environmental Services division in 2014 (t CO_2)



Carbon footprint of the Environmental Services division in 2015 (t CO_2)



Environmental impact of the implementation of FCC Medio Ambiente's Climate Project

In 2015, the waste treatment plant in Gomecello (Salamanca) began degassing phase 1 of the landfill (within the framework of the climate project awarded in 2014) and launched biomethanisation through a process of "wet anaerobic digestion". These initiatives have allowed for the leveraging of energy from, on the one hand, the biogas produced naturally in phase 1 of the landfill and, on the other, biomethanisation.

The **impact of these measures in improving energy efficiency** was as follows:

1. **1,120,594 kilowatt hours of electricity have been generated from biogas**, of which 59% are from the landfill biogas and the remaining 41% from the biogas produced by biomethanisation.
2. **The electric power generated is self-consumed in the same facility**. This has enabled a 16% reduction in electricity from the grid, even though the energy needs of the plant have increased with the new processes.

The **impact of these measures in reducing GHG emissions** was as follows:

1. **GHG emissions associated with landfill decreased by 74%** in 2015 compared to 2014. In addition, 26,636 tonnes of CO_2 equivalent have been prevented by the capture of biogas from the landfill.
2. The decrease in electrical consumption from the grid made possible the **reduction in indirect GHG emissions from the Gomecello WTC**.

Pre-project situation (2013):



Project situation (2015):



Monitoring the environmental efficiency of the services provided

The current context requires all social and economic players to integrate an efficient and effective use of goods and processes into their management models in order to promote a low carbon economy. To do this, there is a need for the **promotion and strengthening of public/private collaboration** with a view to the future of cities and thus to ensure a healthy environment and well-being for citizens.

FCC Medio Ambiente, faced with this situation and attentive to the expectations and demands of its stakeholders, aims to contribute to the green growth model by designing and proposing solutions based on a range of increasingly efficient technology services, easily managed by users and at competitive prices that are potential generators of new employment profiles. For this reason, the division has been working for years in the definition and monitoring of tangible indicators that demonstrate the technical solvency of the organisation with respect to the responsible use of means and resources (water and energy), and in the transformation of waste into new resources, materials and energy. All this will result in minimising GHG emissions.

To this end, **monitoring systems** for the environmental management of urban services have been developed based on tools designed and developed with scientific collaboration and on internationally recognised standards. The evaluation of the environmental efficiency of the services provided is done by calculating and monitoring intensity indicators that have been determined and verified.

from 0.016 to 0.023 $C0_2$ eq/t collected

* By type of fraction collected (residual, containers, bio wastes, paper/cardboard, glass, others)

from 0.0011 to 0.0016 $C0_2$ eq/km streets cleaned

from 0.0429 to 0.1036 kg CO_2 e/m² eq. green spaces

from 0.000042 to 0.0001036 t CO_2 e/m² eq of green spaces

from 31.41 to 505.46 litres of water /m² equivalent of green spaces

With this initiative, FCC is positioned as the first company in Spain to calculate intensity and efficiency indicators of its urban services activities and is ahead of future European standards for monitoring the efficiency of these services. Thus, the appropriate management tools are obtained to address the risks and opportunities that will affect business performance towards the **2020 Horizon**.

Comprehensive Training Plan for the responsible management of the Environmental Services division

The aim of this Comprehensive Training Plan is to inform and raise the awareness of FCC Medio Ambiente employees in any and all activities that will improve and strengthen the sustainable environmental management of services.

This ambitious training plan also has a twofold objective: to increase the quality of life of twenty-eight million citizens served in more than 3,500 municipalities in Spain, and to improve the balance of the Company's external environmental factors. The training focuses on the following aspects:

- Efficient use of energy and water resources.
- Reduction of greenhouse gas emissions.
- Transformation of waste into a resource.
- Protection of biodiversity.

Through this plan, FCC aims to turn its workers into ambassadors of good social and environmental practices.

The Comprehensive Training Plan includes an invitation to all of its employees to participate freely and in favour of the "One Million Commitments to the Climate" campaign launched by the Ministry of Agriculture, Food and Environment along with the Ecology and Development Foundation (ECODES) in order to raise awareness before the UN Conference on Climate Change held in Paris in December.

Efficient management tools

FCC's urban services subsidiary in the United Kingdom, FCC Environment has implemented a software tool called WRATE (Waste and Resources Assessment Tool for the Environment), which allows environmental impacts of different municipal waste management systems to be compared. The programme uses life cycle evaluations to include resources used, the transportation of waste and the operation of a wide range of waste management processes with their environmental benefits and costs. WRATE is designed so that managers can easily apply complex techniques for the management of the life cycle of urban waste. The results are easy to understand and interpret for financial managers, politicians, and other stakeholders.

FCC Aqualia, carbon footprint and water footprint

FCC Aqualia continues with its goal to perform better and more efficient resource management in order to minimise the environmental impact of its activities. To do this, it has undertaken various measures throughout 2015.

Carbon footprint

Continuing the commitment undertaken by FCC Aqualia the previous year, in 2015 the carbon footprint for the activity related to the design and construction of treatment, purification and desalination plants and their ancillary facilities, developed by its subsidiary Aqualia Infraestructuras was calculated.

The footprint has been registered in the Carbon Footprint Register at the Ministry of Agriculture, Food and Environment. The Greenhouse Gas Report has been prepared according to the requirements of the UNE-EN ISO 14064-1 standard.

In addition, in 2015 the carbon footprint of all activity related to the integrated water cycle management at FCC Aqualia was calculated. The calculation has been verified by AENOR and registered in the register maintained for that purpose by the Ministry of Agriculture, Food and Environment.

By publishing these reports, FCC Aqualia facilitates the verification of the GHG inventory and promotes transparency with its stakeholders.

Water footprint

In line with the above, and as a result of the collaboration of FCC Aqualia with the Botín Foundation, Madrid Complutense University, Madrid Polytechnic University, the University of Cantabria and the Government of Cantabria's Ministry of Environment, Cantabria's water footprint was calculated, the first process of this type done in Spain.

In addition to developing and implementing a specific methodology, the objective of this project was to conduct a study of Cantabria's water footprint and to establish the impact of the use of water resources at the catchment basin, municipal and autonomous region levels. The study addresses a comprehensive view of water and the territory in order to clarify the relationship between blue water and green water and that among internal water, virtual water and the water footprint, determines the values for each kind of water in the region and their flows.

The project has taken into account the differences between green water and blue water. Thus, it was possible to know the impact of the consumption of water used in the goods and services produced and exchanged by Cantabria in order to determine the water footprint generated in the region, based on the calculation of the virtual water consumed for each product, service or activity.

The study results show the important role played by water as the region's natural, as well as economic and social asset of the highest magnitude.

Energy management systems

During 2015 a three-year plan was established in collaboration with AENOR in order to adapt and comply with EU Directive 2012/27/EU. The aim is for the plan to make it possible for the organisation to certify all its activities in accordance with the ISO 50001 standard. In 2015 fifteen contracts were certified, with another thirty expected to be certified in both 2016 and 2017. The contracts to be certified are chosen based on their consumption. In 2015 the contracts with a consumption of over 1,300,000 kilowatt hours per year were chosen which cover more than 80% of total consumption.

Additionally, FCC Aqualia plans to carry out an exhaustive control of its energy expenditure that includes the installed capacity and the evolution of energy consumption in production facilities. The actions proposed are therefore aimed at:

- Improving the measurement of consumption.
- Calculating the energy performance of pumps.
- Optimising and improving production processes, facilities and equipment.
- Purchasing more energy efficient equipment.
- Optimising the purchase of energy.
- Infrastructure maintenance.
- Improving the hydraulic performance of the network.

FCC Construcción and direct and indirect emissions

Carbon impact

The Construction division of FCC has verified its greenhouse gas (GHG) emissions since 2011. In addition, since 2012, FCC has had its carbon footprint certificate approved by AENOR, "CO_2 Environment Verified". The division also has had the GHG emissions report verified by an accredited auditing body, using the latest version of ENCORD's CO_2 quantification referential, an industry document that has received the "GHG Protocol" logo, which accredits it as the methodology to be considered for the calculation of the carbon footprint in a construction company.

In order to measure the carbon footprint, FCC Construcción identifies the main sources of greenhouse gas emissions of its works or permanent work centres, defines the boundaries of the organisation and operational limits, besides collecting and transmitting activity data from the work site to the corporate level. FCC Construcción quantifies scope 1, 2 and 3 emissions.

For the calculation of the inventory of greenhouse gases, a centralised approach is used, integrating activity data received from each of the work sites and permanent work centres, and quantifying the emissions at the corporate level.

Control of scope 3 emissions

These emissions are the consequence of the company's activities, but are produced by sources not owned or controlled by FCC Construcción. Scope 3 includes the following emissions:

- Emissions associated with the production and transport of materials consumed. The emissions from the production and transport of concrete, asphalt, steel, non-ferrous metals, bricks and glass, and the emissions from transport to the construction site of soil and aggregates, are taken into consideration.
- Emissions associated with the execution of subcontracted project units. Earthworks are included.
- Emissions associated with the transport and waste management of surplus materials. The emissions associated with the transport of surplus soil and surplus clean debris and the emissions associated with the transport and landfill of municipal solid waste and wood waste are included.
- Emissions associated with the movement of company personnel due to business trips.
- Emissions from losses during the transport and distribution of electricity.

4. Environmental Management at FCC

A business that integrates commitment to environmental protection

In its aim of contributing to the design of sustainable communities, FCC Group integrates commitment to environmental protection and responsible resource management into its own business model. Channelling the right behaviour into the design, implementation and management of services offered is one of the Company's responsibilities.

FCC Group's environmental policy, approved by the Board of Directors, is a statement of intent made by the company in this regard, establishing environmental impact reduction as an objective to be achieved in the performance of its activities.

To carry this out, FCC implements operational monitoring in each of the processes performed. This way it identifies, classifies and evaluates the impacts made by its facilities and acts accordingly through planned measures to minimize them..

Milestones in 2015

- Reduction of waste generation by more than 60%.
- Successfully developed the conditioning and external management plan for waste collected at the CIDRA Daimiel facilities (Ciudad Real).
- Integration of the SAMCEW methodology for assessing sustainability in civil works.
- FCC Construcción's participation in technical committees of the sector.

Challenges in 2016

- Continuation of the implementation of environmental and social criteria in the evaluation of projects and the potential risks they imply.
- Promotion of the dissemination of basic guidance on how to act in relation to the conservation of biodiversity and cultural heritage.
- Progress towards full certification in the activity certified under ISO 14001.
- Continue to conduct internal audits to certify the veracity of the data provided by the control systems.

Environmental management system

The previously stated determination of FCC Group to achieve greater efficiency and ecology in its business model has led the organization to integrate the Environmental Management System in its production processes.

The certification of the Environmental Management System for 100% of the activities of the various divisions of the Group under UNE-EN ISO 14001: 2004 is one of the objectives established by the Company.

FCC makes a continued effort to maintain this environmental certification and therefore after each acquisition a period of six months is established in which to enable compliance with its environmental policy.

Thanks to this, almost all business lines of FCC Group in Spain already have an environmental management system under this standard that covers both national operations and international projects. This facilitates the collection and interpretation of a greater amount of information related to environmental indicators.

In addition, FCC Construction has completed the implementation of this system in Mexico and FCC Central America, thus it covers all the activities of the company.

In addition, FCC Aqualia maintains a strategy based on prevention in the management of environmental impacts caused by the Company. The company has implemented strict controls on a regular basis to determine compliance with the commitments.

The Company has a system for the collection and management of information produced internally called "Horizonte".

Horizonte has a total of 478 environmental indicators broken down by group, line of business and country. This system allows a better understanding of the established improvement plans, monitoring the degree of compliance and corrective actions.

The responsibilities of FCC Construcción in its commitment to the environment go beyond that established by law. Thus, in addition to the Environmental Management System, the Company has a system of good practices that includes a series of actions for each job, which have been established from an analysis and classification of environmental impacts. These practices are weighted by a number of factors, obtaining a higher rating:

- The actions that have the greater environmental benefit.
- Those that are intrinsically better.
- Actions that involve greater effort, either from investment, research or required ingenuity.
- Actions that show a higher level of implementation, greater generalisation and a higher number of interventions.

The management of the Environmental Management Plan of the various construction works and centres of FCC Group uses new technologies for greater accessibility and integrity of the data obtained. For this purpose, a computer application channels the flow of information generated in each project to a database that allows the interpretation, evaluation and control of the environmental performance of the Company.

In addition, a system of controls and internal audits certifies the accuracy of the data. During 2015 the scope of environmental certification has expanded to 100% of the countries where FCC Construcción has a stable presence.

FCC Group performs a risk assessment on all construction work. Each of the operations involving such works is scored from 1 to a maximum level of 6. Thus FCC clearly understands at all times what projects involve a higher level of risk for the Company.

In cases of works with a high level of risk, or by the express decision of the General Manager, the Company has an additional audit process called PETRA (Special Risk Treatment Plan) which is more comprehensive. This process analyses issues of technical risks in contract management, technical planning (deadlines and resources), and the effective submission of claims and tracking of penalties.

On the other hand, FCC Construcción has its own risk matrix used to determine the risks of each project in the different countries in which the Group operates.

The extension of the PETRA programme to the international arena in 2013, and its consolidation in financial year 2014, has meant important support for the large international contracts, and a higher level of control by the Management.

Knowledge Platform for Environmentally Sustainable Construction for Infrastructure in Latin America and the Caribbean (KPESIC)

FCC Construcción is part of this initiative, sponsored by the World Bank, which aims to help promote and advance the construction of environmentally sustainable infrastructure in Latin America and the Caribbean.

The platform aims to help promote better environmental and social management of infrastructure projects in Latin America and the Caribbean. The objective is to provide a source of information to support the transfer of knowledge, the development of skills, innovation, as well as the learning of lessons in the construction of environmentally sustainable infrastructure, which has easy access and is reliable, and which can serve as a forum to provide ideas and solutions.

FCC Construcción participated in the opening day of the platform and supplies its database with technical documentation and case studies of interest.

SAMCEW, Sustainability Assessment Method for Civil Engineering Works

The construction division of FCC has a Sustainability Assessment Method for Civil Engineering Works (SAMCEW). This is a self-evaluation and rating system, which serves as an internal management programme to plan construction work, identify required improvements and share progress in sustainable practices. This methodology allows designers and managers of the civil engineering works to demonstrate the sustainability of their projects to customers, planners, and other interested parties.

Through this methodology, FCC Construcción aims to align itself with the most sustainable trends in the construction sector, whose main objectives are:

- Minimize the use of resources (materials, water and energy) through the proper management of raw materials, recycling and reuse.
- Minimize waste generation using recycled, reused materials and/or energy recovery.
- Minimize direct and indirect discharges into water, air and soil, with particular attention to the emissions of greenhouse gases and their connection to climate change.
- Innovate and use alternative materials and energy.
- Analyse and minimize social impacts, both on the active and passive users of the infrastructure.
- Minimize the impact on biodiversity and ecosystems.
- Select the most beneficial alternative from an environmental and economic standpoint.
- Stimulate the market for sustainable practices and products.
- Save on energy-related investments, due to increased efficiency.

The SAMCEW methodology is fully developed and is organized around fifteen categories, which take into account significant aspects throughout the project within the scope of the three dimensions of sustainability, among which are:

1) Project management. Integration of sustainability in the design, strategies and project management.
2) Participation and acceptance. Integration of stakeholders in decision-making and their satisfaction with the construction work.
3) Ecosystems and biodiversity. Impact on ecosystems and biodiversity, as well as their conservation.
4) Land use planning. Land use and efficiency of its use.
5) Cultural heritage. Impact of the work on elements of cultural heritage and its protection.
6) Use of natural resources. Energy, materials and water required for civil works and their origin.
7) Life cycle costs. Cost of the civil works throughout their life cycle, while fulfilling their mandate.
8) Welfare. Health and safety measures of the workers.
9) Waste Production and management of the waste generated.
10) Externalities. Associated costs not necessarily reflected in the transaction costs of the infrastructure.
11) Effects on society. Negative impacts on society.
12) Environmental emissions. Impact derived from emissions to the atmosphere, water and soil.
13) Effects on the local economy. Changes in the distribution of population centres or in the structure of employment that have economic effects on the local environment.
14) Risk and resilience. Associated risks and their management, including the resilience of the construction work in the event of unforeseen impacts or adaptation and vulnerability to climate change.
15) Noise and vibration. Impact of noise and vibration generated by civil works.

Currently this methodology is applied to the vast majority of civil works on which the Company works. The short-term goal is to extend the use of the methodology to all of FCC Construcción's works.

Participation and leadership of FCC Construcción in technical committees of the construction sector

FCC Construcción is actively involved in the drafting of manuals that take into account sustainability within the usual working framework of the construction sector. For this reason, the company is actively involved in various working groups specific to sustainable construction at international, European and state level, suggesting possibilities, getting involved in the process, and providing solutions and perspectives from our own scope of action. In these working groups, work related to the following topics is carried out:

- Definition of terminology and general principles.
- Description of the life cycle of the building or infrastructure.
- Definition and use of sustainability indicators in building and civil engineering works.
- Environmental Product Declaration.
- Determination of a method for assessing environmental, economic and social performance in building and civil engineering.

Some of the specific working groups in which FCC Construcción is involved are:

- "WG5 - Sustainability in Civil Engineering Works," in the international technical committee ISO/TC-59/SC17 of "Sustainable Construction".
- AEN/CTN 198/SC2 “Sustainability in infrastructure”, which it chairs.
- Committee CEN/TC-350 on "Sustainability in construction work".
- AEN/CTN 198 Committee on "Sustainable Construction" and AEN/CTN 198/SC2 "Sustainability in Civil Engineering Works".

Furthermore, in the field of standardisation, the presence of FCC Construcción is noted in the following organisations related to sustainable construction, which are, among others, as follows:

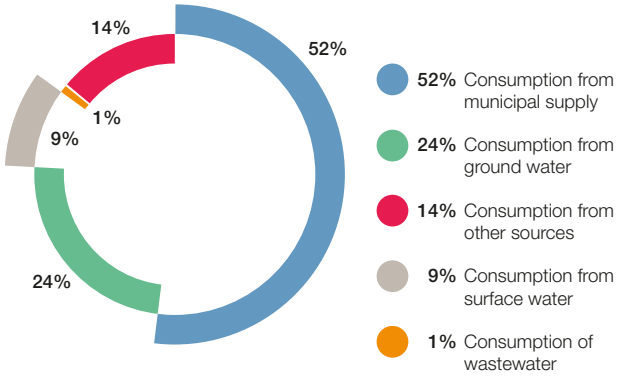
- International Initiative for a Sustainable Built Environment (iiSBE).
- Green Building Council España (GBCe), which is the Spanish Council of the International Association "World Green Building Council", configured as a channel to deliver, in Spain, all the information about the certified building's tool, LEED.
- BREEAM Spanish Advisory Council, responsible for charting its development strategy, representing the stakeholders in the area of building.

The management of water consumption in all activities

Different global forces such as climate change, a growing demographic and environmental erosion threaten the availability of the planet's water resources at the same time as their demand increases. Since many of its business lines depend on it, FCC is aware of the need for the responsible management and efficient use of water, therefore it integrates these principles in the performance of the different activities of the Company.

In 2015, FCC Group’s water consumption amounted to 12,867,791 cubic metres, of which 52% is from municipal supplies. The following chart shows the origin of water consumption, as a percentage.

Water consumption according to source in the Environmental Services division (%)

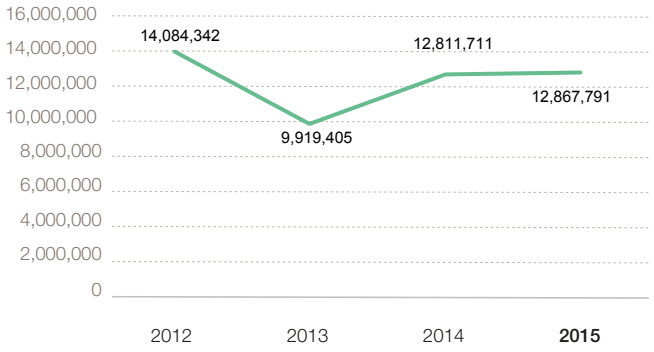


On the other hand, the consumption of water has increased by 0.43% with respect to the previous year. Compared to 2012, water consumption has been reduced by approximately 8.6%.

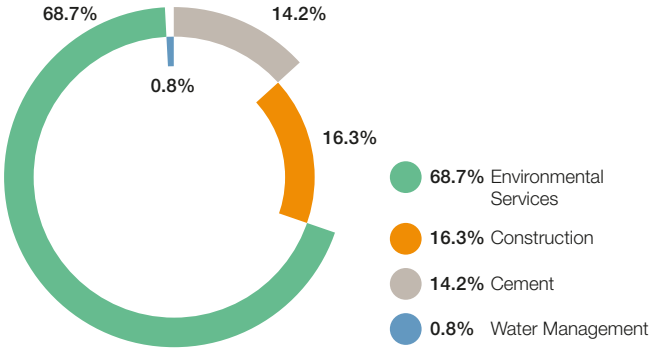
The following chart shows water consumption by business area. With respect to the previous year, the consumption of the cement division shows a decline of 7.6% of the total water consumed. Meanwhile, the percentage of water consumed by the Construction division has increased by 25.2% with respect to the previous year. This increase in water consumption of the Construction division is associated with the start of new projects. The percentage of the total water consumed by the Group, corresponding to the Environmental Services division, has decreased slightly from 69.5% to 68.7%. Furthermore, the FCC's Water Management Division has reduced the proportion of consumption, with respect to the total amount of FCC Group, by 1.2%, the Company's largest fall.

In 2015, the source of water consumption per business area shows hardly any variations with respect to the previous year. These differences can be seen in the chart below. The most notable is a 28% increase in the consumption of water from ground water in the Water Management Division. This increase is due to the work of Peñasquito Aqualia Infraestructuras Mexico, since its geographical position prevents the capture of an alternative source of water other than ground water.

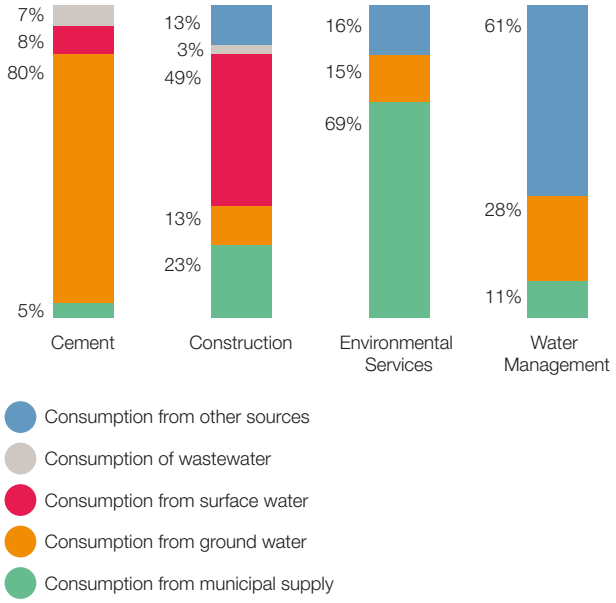
Water consumption (m^3)



Water consumption by bussiness area (%)



Source of water consumption per business area (%)



Present in the integrated water cycle

FCC Group is present in all phases of the integrated management of the water cycle through its FCC Aqualia division. The Company provides service to more than 23.5 million citizens in different countries in activities that vary from collection, treatment and distribution, to purification, design and construction of the necessary infrastructures. In this way, the Company provides quality to the water for all its uses and ensures its return to the environment in optimum conditions.

Apart from this, FCC Aqualia contributes to the fight against climate change by FCC Group, through the responsible use of resources. The energy efficiency and proper management of water resources, which represent the core business of the Company, are the focus of the efforts made.

For the proper implementation of environmental programmes, FCC Aqualia has environmental management systems for all its activities, certified under ISO 9001 and ISO 14001. These certifications provide a homogeneous structure and maintain quality among the different areas of the Company.

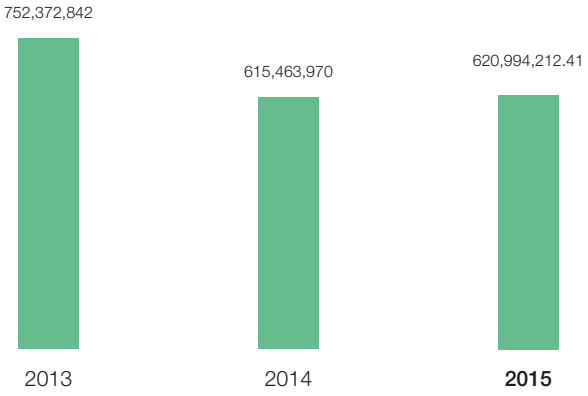
The total volume of captured water for management carried out by FCC Aqualia in 2015 was 620,994,212.41 cubic metres. In this way, the capture levels remain relatively stable with a less than 1% increase compared to the previous period.

Atmospheric emissions

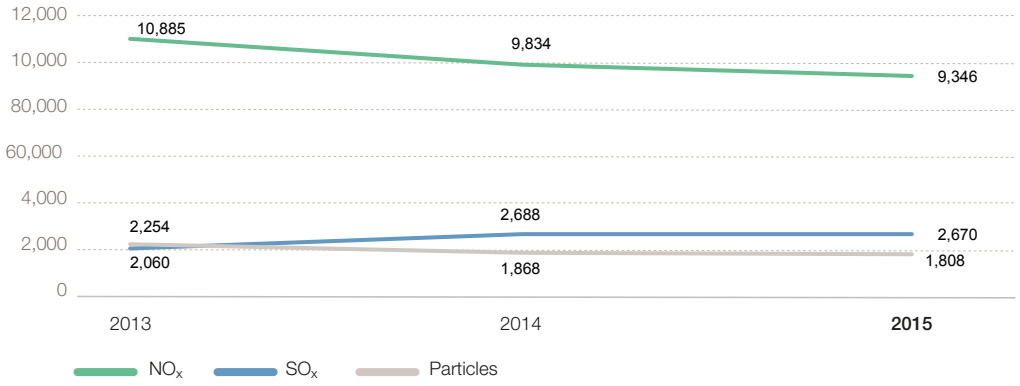
The Group's main emissions, in addition to carbon dioxide emissions (CO_2), are nitrogen oxides (NO_x), sulphur dioxide (SO_2), CFC and solid particles. NO_x emissions are produced primarily in the Cement Division; SO_2 emissions are mainly produced in the Services Division, and those from particles in the Infrastructure Division.

The following chart shows the evolution of emissions of SO_x, NO_x and particles. For all of them, there have been falls compared to the previous year, of 1%, 5% and 3%, respectively.

Volume of captured water for management (m^3)

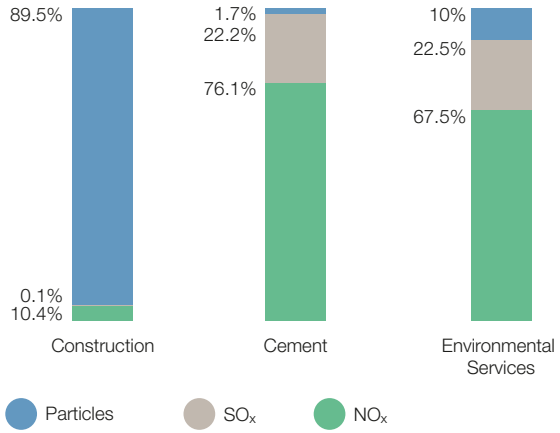


Emissions of SO_x, NO_x and particles (t) CPV



Emissions of SO_x, NO_x and particles can be seen in the following chart by business area. With respect to 2014, the most notable differences are the falls in the emission of NO_x, SO_x and particles in the Construction division. There have also been falls in all emissions from the Cement division and in emissions of SO_x and particles from Environmental Services.

% Emissions per business area



Each business area of the Group has initiatives to reduce emissions associated with combustion, which directly lead to the reduction in particle emissions, NO_x and SO_2. In addition, the Construction division has considered, within its scope of other emissions, those associated with its supply chain in the following percentages:

- Particles: 12.64% own and 87.36% supply chain.
- NO_x: 4.03% own, 95.97% supply chain.
- SO_x: 98.89% own, 1.11% supply chain.

NO_x emissions represent most of the total for the Cement division and therefore is the focus of priority for this line of business. Accordingly, the Company controls these emissions through measurement systems for the main pollutants. Therefore, all the factories in this division include:

- Analysers for the measurement of particles in the emission sources channelled from furnaces, cement mills, coal mills and clinker chillers.
- Multi-parameter gas analysers in furnaces for measuring NO_x, SO_2, CO, HCl, HF, TOC and O_2.

The efforts of the Construction division to prevent emissions are focused on the control of the machinery and the application of new technologies to help in this regard. In addition, the Company maintains a number of measures to minimize the pollution caused by their activities, mainly through the production of particles. Among them are:

- Reduction of dust by means of irrigation with water from collector roads and stockpiles.
- Use of additives in irrigation water to create surface crusting, paving of the tracks, or other lasting dust-control practices.
- Use of screens against dust dispersal in localized activities.
- Use of molecular action sprayers in dust generating facilities.
- Use of drilling machinery with dust humidifier systems.
- Good preventive maintenance of the machinery used on the site.
- Employment of tubes for the disposal of debris from heights, and covering the containers with tarpaulins.
- Control of vehicle speed on the site.
- Proper location of machinery and dust emitting activities.
- Paving of the roads at the site.
- Reduction in the emission of exhaust gases from vehicles and machinery

All of the Group's centres subject to Integrated Environmental Authorisations (in accordance with Law IPPC 16/2002) have established atmospheric emissions' limits for all their sources of emissions. In general, they all have gas cleaning and filtering systems that use different techniques depending on the characteristics of the process generating the emissions.

Control of discharges and spillages

At FCC Group great importance is given to the management of discharges due to the environmental impact that they produce. Therefore, the Company establishes demanding prevention and management procedures and protocols with certain conduct to be followed in the case of spillages or leakages in order to reduce the damage caused.

Depending on the nature and extent of the pollution, the wastewater produced by the Company receives different treatments before being returned to the environment. In this way, FCC Group complies with the discharge limits established by the regulations and formalizes its commitment to the environment.

Total volume of water discharged (cubic metres)

2014	2015
164,708,144.1	286,601,882

On the other hand, given the citizen services provided by FCC Aqualia, the activity of the Company itself in the integrated management of the water cycle includes the treatment of other discharges that do not come from Group activities.

Volume treated at waste water treatment stations and returned to the environment (cubic metres)

2014	2015
525,723,447	458,691,656

One of the priorities for FCC Construcción revolves around the toxic discharges that its activity can generate. Therefore, all the Company's construction works require a preliminary analysis by an accredited laboratory in order to check that the discharges generated fall within the established limits, as well as a subsequent analysis to be performed with a particular periodicity. The aim of these measures is to preserve the quality of the environment against the impact of the water from the Group's activity.

In addition to the corresponding analyses, all the Company's places of work apply for the relevant administrative authorisations in order to carry out the discharges, which establish the levels of quality control and the periodicity of these analyses. The intensity of the control depends on the flow and characteristics of the discharges and the environment they go into.

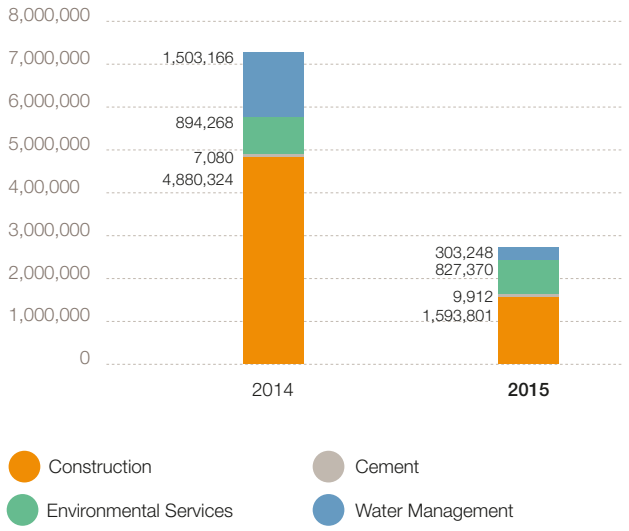
Waste management

As we have seen above, various global trends such as the growing middle class and population concentration in urban areas lead to an equivalent waste generation. Many business lines directly depend on this dynamic, and as such the Company considers these circumstances to be a priority corporate matter.

In this line, FCC Group is committed to using new technologies to increase efficiency and waste recovery as an energy source to combat this situation. To achieve this, each business area has its own waste management plans, with the common goal of developing a responsible use of resources in order to reduce the need to generate them.

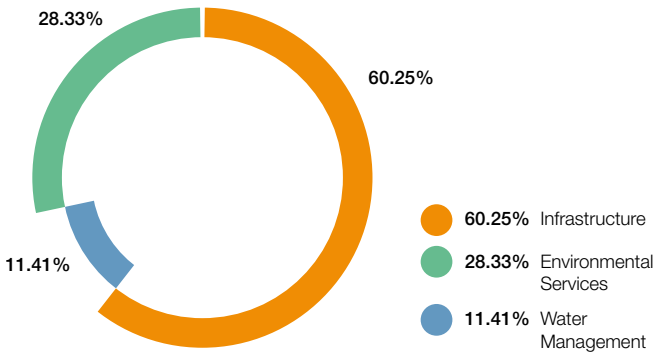
The following graph shows the evolution of total waste generation. In 2015, the figure shows a decrease of 62% compared that of 2014. This high difference is due to several factors. Among them, in 2015 not all FCC Aqualia's information was compiled, which in 2014 constituted 603,477 tons. In addition, the decrease in waste is associated with a lower generation of soil for landfill in the Riyadh Metro (Saudi Arabia) construction works. Together with these two factors, the fall in Infrastructure activity in Spain and Algeria are the main causes of the reduction in waste generation.

Distribution of waste generation (tonnes)

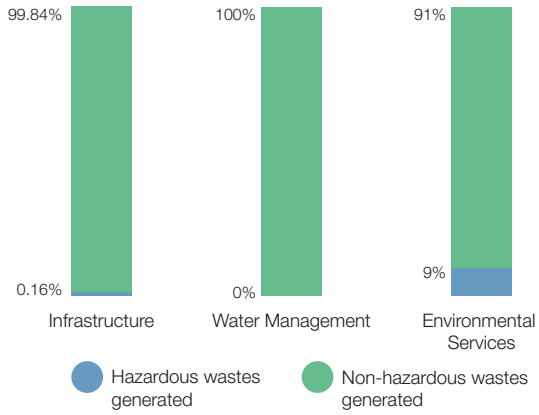


With regard to the origin of the waste generated, the following chart provides the percentage by area of business.

Origen of waste generated (%)



Relationship between non-hazardous from hazardous waste



The following graph shows the relationship between non-hazardous from hazardous waste. Specifically, the percentage of hazardous and non-hazardous waste generated by the Infrastructure, Water Management and Environmental Services divisions. The percentages of all divisions have remained stable over the previous year.

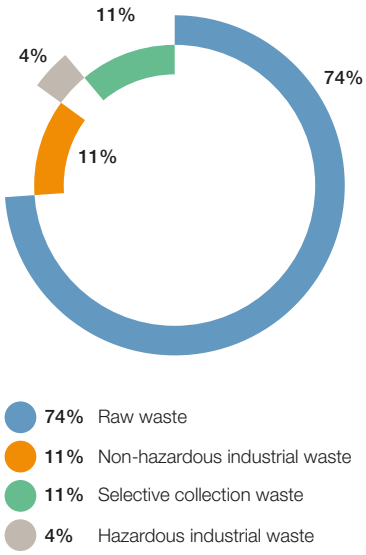
The Group has a business line that specialises in integral waste management, and whose collection volume amounts to over 24 million tonnes of different types of waste (industrial and urban, hazardous and non-hazardous waste). Among the companies specialising in waste management are FCC Medio Ambiente, FCC Environment UK, FCC Environment CEE, FCC Environmental Services, FCC Ámbito and Proactiva Medio Ambiente (50% owned).

FCC Medio Ambiente, FCC Environment UK, FCC Environment CEE and FCC Environmental Services are subsidiaries of the Group that provide urban water treatment services, such as waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens. The FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America, the United Kingdom, USA, Austria, Portugal, Egypt, Czech Republic and the following eastern European countries: Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to more than 50 million citizens.

As well as this, FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.

This diversity, regarding the broad range of waste that it manages, and the countries where it offers solutions, makes FCC Group one of the world's leading companies in integral waste management. So much so, that throughout the whole of 2015, the Group collected more than 5,101,407 tonnes of different types of waste, the majority being urban waste, both raw and from selected collection. The following chart shows the percentages of waste collected by type.

Waste collected



Waste generation

After collection, FCC Group has facilities for the treatment of all types of waste. Among the various processes performed are those of recovery, disposal in landfills, deposits in slag tips and stabilization. In 2015 the company treated 11,811,693.22 tonnes of waste at its facilities.

Waste treatment: % of the total admitted at FCC facilities

Recovery in selection and classification plants	2.3%
Recovery by biological treatment	1.5%
Recovery by heat treatment	0%
Recovery in construction and demolition-waste plants	0%
Elimination in controlled landfill	17.5%
Deposits in slag tips	0%
Recovery by recycling	1.2%
Energy recovery	0.9%
Recovery by physical-chemical treatment	12.9%
Stabilisation	49.6%
Transfer to an end manager	14%

Waste generation in Infrastructure and Cement

All the Cementos Portland Valderrivas plants in Spain have an Environmental Management System that is certified under the UNE-EN-ISO 14001: 2004 and under European regulation 1221/2009 (EMAS).

This system seeks to ensure proper and responsible management of the waste generated through the Company's operations. In this way the Company selectively collects waste from each of its work centres. Prevention and segregation of waste for storage and subsequent management with authorized managers, prevail over other options. Faced with the option of elimination or disposal in landfill sites, the most appropriate choice between recycling, reuse and recovery will be prioritized.

Furthermore, in the Environmental Management System that FCC Construcción has implemented, special attention is given to the management of waste generated through works involving earth, rock, clean debris etc. The data collected shows a fall in the amount of material sent to landfill and on a par with the increase in reuse of this waste, reflecting in this regard that its administration has been successful.

Waste Generation in Environmental Services and Integrated Management of the Water Cycle

For FCC Medio Ambiente the collection and treatment of waste is the goal of its strategic mission and therefore the basis of its business model. This close relationship with the Company promotes the selection at source and development of new practices and technologies for more extensive and efficient reuse, recycling and recovery.

Moreover, FCC Aqualia focuses its efforts on innovation to find more advanced methods for reducing the waste produced by its operations in the integrated management of the water cycle. These investments in search of new technologies focus on two courses of action:

- Biogas from organic waste produced by bacteria present in the digester for use as fuel in boilers and in the generation of electricity.
- Reuse and recovery. On the one hand, sludge derived from water treatment processes at WWTPs is channelled for subsequent use as compost in agricultural applications. Furthermore, the Infrastructure division of FCC Aqualia has its own waste management systems for the reduction and reuse of waste derived from plant construction.

Protection of biodiversity

Among the various activities of FCC Group, the Construction and Cement divisions produce a material impact on the territory and, consequently, on the biodiversity of the environment.

To maintain the Company's principles on environmental matters, management criteria for the restoration of affected areas and the protection of biodiversity have been implemented to mitigate the effect. In the same vein, the guidelines set by the Group include: physical conditioning of the environment in which it operates to accommodate indigenous biodiversity, improving the conditions of biotopes and eradication of invasive species with high ecological impact.

One of the most important actions of FCC, in its efforts to protect biodiversity, took place in 2013 with its adhesion to the Spanish Company Biodiversity Initiative (IEEB). This initiative, promoted by the Biodiversity Foundation of the Ministry of Agriculture, Food and Environment, aims to spread a vision of biodiversity as an important factor for strategic business decisions.

The main impact on biodiversity in FCC's Cement division is the result of the operations in quarries and gravel pits for obtaining the raw material. To minimize the footprint left by the Company's operations, plans to restore, as far as possible, the conditions in which were exploited areas were found originally have been established.

For rehabilitation, the most common methods are:

- Mining transfer, based on making use of the earth movement generated in the same extraction activity to restore, at the same time, the areas already exploited.
- The method of benching down, which allows previously exploited top banks to begin to be restored.

Through FCC Construcción, the Group has implemented various measures for the protection and rehabilitation of areas which are either degraded or prone to degradation. This is due to the Company's awareness of the impact that the operations of its works have on the fauna and flora in the environments in which they develop.

All measures carried out by the Group for the protection of biodiversity vary in their definition and degree of application, according to the type of project and the environment in which it is located, but they are always designed to condition the surface of the ground, to avoid its possible erosion and to protect the landscape, allowing the natural development of its ecosystems.

Program for the protection of biodiversity in the Port of Açu (Brazil)

This is an initiative to protect the reproduction of the Cabezuda sea turtle, as the area where the work takes place is also a vital area for this endangered species. Among the actions, the impact has been minimised by artificial lighting by painting the facility dark and dull colours, in addition to keeping it turned off when not in use. The planning of the work has also adapted to reduce the negative impact on the reproduction of the Cabezuda sea turtle. In fact, of the 28,115 eggs of this species, 19,379 hatchlings have reached the sea.

Environmental recovery at the Daimiel Research and Development Centre (Ciudad Real)

Throughout 2015 FCC Ámbito has successfully developed a plan for the conditioning and external management of waste collected at CIDRA's facilities in Daimiel, in the province of Ciudad Real, whose accumulation had gone unchecked by the previous management. This plan has enabled negative impacts on the area to be avoided.

Daimiel is located in the buffer zone of the Mancha Húmeda Biosphere Reserve and is near to the first Manchego wetland, the Tablas de Daimiel National Park.

Impacts avoided thanks to the performance of FCC Ámbito:

1. On surface hydrology: residues accumulated in the esplanades of CIDRA would have polluted storm water near to the plot.
2. The impact on groundwater hydrology: an overflow of existing means of storage (lake) would have contaminated groundwater, (aquifer twenty-three).
3. The impact on the soil: a possible overflow of the lake could have contaminated the surrounding agricultural land, given the impermeability of the ground.
4. The impact on air quality: greenhouse gas emissions: VOC, CO_2, CH_4 and NO_x. The poor state of the IBCs could have allowed the emission of gas due to its high volatility or to reactions that could occur inside.
5. The impact on vegetation: the poor state of the waste containers may have generated indirect negative effects on vegetation through the dumping of wastes, liquid effluents or greenhouse gas emissions.
6. The impact on wildlife: in the area there are a lot of leporidae entering and leaving the facilities, which can be poisoned by the waste and water deposited outside the containers. Furthermore, it is also a bird migration zone.



7. Social impacts: the performance of FCC Ámbito has reduced the social concern about the mass storage of hazardous chemical waste in the open, near the city centre, especially after fires in the plant in 2011 and 2013, which resulted in the cessation of activity in early 2014.

VI. Connecting Citizens

Generating the maximum social value through sustainable solutions

FCC Group intends to link the development of its activity with the current demands of society. The Company is committed to maintaining an open attitude to dialogue with different stakeholders in order to consolidate the sustainability of its business. The Company involves citizens and its own employees in the development of sustainable solutions.

The ultimate objective is to generate maximum social value by means of interaction with FCC stakeholders and creating activities of added value. The main lines of action are:

- To define a sustainable radar, by means of dialogue platforms with the objective of connecting FCC management with the trends and needs of future communities.
- Promote active sustainability that connects with citizens. This means involving urban communities in the development and start-up of sustainable solutions.
- Promoting the participation of workers, by means of designing programmes for the development of the "responsible local commitment" concept.
- Consolidate the corporate volunteer programme with the collaboration in residential homes in Madrid, Barcelona and Valencia, for elderly without financial resources and mentally handicapped people.
- Maximisation of sustainable value by means of positive impact actions that reinforce the public notion of the service that the Company provides.

Social Commitment as a Distinguishing Feature in FCC Group

The Corporate Responsibility Master Plan defines the framework of action regarding social matters of FCC Group.

The main social commitment actions carried out by the Company are supervised and approved by Senior Management.

Within these actions are those relating to the signing of conventions and agreements with universities and other technical centres, the donations and support for institutions and industry associations, as well as sponsorships of different types for public-private institutions.

The social activity of the FCC Group is mainly aimed at supporting people with special needs, education, heritage preservation and dissemination of culture and art. The investment in corporate citizenship during 2015 reached 8.35 million euros. This increase was mainly due to:

- An investment of 2.8 million euros by FCC Construcción Panama associated with the programme "My school first" for the remodelling of the Rubiano Secondary School.
- An investment of 525,028 euros from FCC Construcción Peru associated to the Social Management System of the Lima Metro project.
- Changes in the system for the consolidation of social actions in 2015 compared to that of 2014.

Milestones in 2015

- Implementation of the plan for dissemination and transfer of knowledge in the Riyadh Metro construction work.
- Incorporation of twenty-three people with disabilities into the company under the Inserta Convention.
- Establishment of the agreement with Caritas Spain and city councils where FCC Aqualia is present to promote assistance through social tariffs.
- Holding various educational awareness initiatives that promote sustainable development.
- Establishment of a metric to assess the social and environmental sustainability in tenders in which FCC Construcción competes.
- Entry of FCC as a trustee of the SERES Foundation and the Spain Colombia Advisory Foundation.

Challenges in 2016

- Continue to promote initiatives to support local communities.
- Encourage and promote the hiring of local suppliers.
- Consolidate and expand the established cooperation agreements with national and international universities.
- Continue with the inclusion of people with disabilities to meet the goals set out in the Inserta Convention.
- Increase the percentage of projects evaluated using the social and environmental sustainability metrics.

Involvement with the local environment

Direct communication with local communities

FCC Group's relationship with all its stakeholders is direct and constant. Proof of this are the various social action initiatives that have been developed in Latin America, and which are linked to community relations, indigenous populations and local hiring.

FCC Construcción, as a Company directly involved in the interaction with local communities in many countries where it has its operations, is particularly sensitive with regard to their respect, as well as the preservation of biodiversity and cultural heritage. In this sense, FCC Construcción has fundamental guidelines for the conservation and management of biodiversity, interaction with local communities and management of cultural heritage. These guides are available on the FCC Group intranet and are for practical implementation in all infrastructure projects.

Citizen Participation Plan in the Port of Callao (Peru)



The Citizen Participation Plan of the construction work carried out in the port of Callao, in Peru, is an example of FCC's commitment to establishing direct communication with its stakeholders. This initiative, carried out by FCC Construcción, had different objectives, among which are:

- Development of an active and honest relationship with both state public entities and the local communities involved.
- Comply satisfactorily with national laws and regulations regarding public consultation and access to information by stakeholders.
- Inform the public and stakeholders of the project, about the results obtained in the environmental baseline and socio-economic and cultural environment, presenting the analysis and identification of impacts and the Environmental Management Partner strategy.
- Generate two-way communication by encouraging the involvement of communities to identify, analyse and evaluate the greatest concerns they have about the possible economic, social and environmental impacts that the implementation of the project could result in.

Promoting local employment

Hiring local professionals is a strategic objective of the Company in all countries where it operates. Respect and integration with indigenous cultures represent essential values in human resources management by the entire FCC Group. In this regard, the FCC Group undertakes various initiatives that demonstrate this commitment.

Promoting local employment in Guanacaste, Costa Rica

The province of Guanacaste, in Costa Rica has the second lowest quality of life nationally, a place where most of its inhabitants have an income considered below the poverty line.

As such, FCC has made an additional commitment to improve their situation through the operations carried out in the Expansion Route 1 project, sections Cañas-Liberia. By promoting local employment, the Costa Rican Construction division has generated, on average, jobs for 340 people at the Company and another 380 in direct subcontractors monthly.

In this contribution to the income and wealth of the province, most notable are the indirect impacts on employment in the region, among which are: positions related to the sources of materials and other inputs of the project, food and lodging, and all activities related to the project workers' needs.

Dissemination and knowledge transfer to customers

FCC Construcción has implemented a plan for the dissemination and transfer of knowledge based on the work carried out on the Riyadh Metro (Saudi Arabia).

In order to carry out this work, courses for the unemployed, training programs for college students, university presentations, participation and organization of congresses and conferences, training programs for government employees and others have been scheduled. It is a systematic and documented plan in which materials, content, programme, participants and evaluation among others are specified.

The training programme includes sixteen presentations at five universities, the participation and organization of four conferences and exhibitions, 35 five-day courses in Riyadh, six courses of 45 days abroad (including visits to Spain). The training includes both aspects relating to the design, construction and facilities as well as project management, human resources and planning, among others.

"Building communities, changing lives" WREN Foundation

Through the independent non-profit making WREN Foundation, FCC Environment, provides enormous benefits to communities and the environment in the United Kingdom as a result of its land fill operations. As part of the Landfill Communities Fund, FCC Environment can set aside part of the tax levied on each tonne of waste deposited in landfills for the WREN Foundation, which in turn uses the money for financing important social and environmental projects within a radius of 16 kilometres around the landfill site.

WREN's strategic approach to funding is based on three pillars of activity: community, biodiversity, and heritage. In 2015 WREN funded a total of 340 projects worth 20 million pounds (24,761,155.68 euros).

Priorities for 2015:

In 2015 the Foundation continued to fund the construction of the National Memorial Arboretum's facilities in Staffordshire. In 2015 a total of 450,000 pounds (556,926.87 euros) were donated.

During 2015 the National Army Museum received help in the renovation of exhibition areas, and similarly the Design Museum to finance access and exhibition space as part of the work to transform the former Commonwealth Institute into its new headquarters.

As part of the support for the indigenous biodiversity, the Foundation has donated 3.6 million pounds (4,454,202.67 euros) to fourteen projects for the protection of HNV ecosystems. Of that amount, a total of 900,000 pounds (1,114,010.74 euros) were used for the purchase of land in East Hesketh Out Marsh (Lancashire) for the Royal Society for the Protection of Birds, which will be devoted to restoring the marshes of the Ribble estuary, which was drained for agricultural use during the nineteen eighties. The marsh is an ecosystem of vital importance for the local wild fauna.

Through the Biodiversity Action Plan – which helps achieve important government improvement objectives and nature conservation – the Foundation supported 16 large projects totalling 2.79 million pounds (3,451,675.11 euros).

Through the Heritage Fund - whose objective is to preserve some of the most important buildings in the United Kingdom - the Foundation provided support with a further 1.35 million pounds (1,669,823.37 euros). Among the important support was the aid worth 73,000 pounds (90,292.65 euros) to restore the ruins of Coventry Cathedral.

The financing of projects in favour of the community has remained in 2015 as the main pillar of the Foundation's strategy. Through the programmes FCC Community Action Fund and the FCC Building Communities Programme, a total of 10.6 million pounds (13,111,670.63 euros) has been donated for nearly three hundred projects for the improvement of the local facilities in communities near the FCC Environment landfills.

Commitment to hiring local suppliers

FCC Group contributes to the creation of direct and indirect employment and, as a consequence, local development through a policy that favours the recruitment of local suppliers. This policy values extra-financial aspects, such as proximity to the construction works.

An example of this is the event "Meet the buyer", organised by the Merseylink joint venture, in which FCC Construcción has a 33% stake.

These meetings are with local suppliers in the area (Meet the Buyer event), in which they can learn first-hand and demonstrate their interest in participating in the potential contracts offered by the construction projects; in addition to being able to make contact through a form on the Merseylink website to see how their services might be hired in the implementation of the project.

In October 2015 some five hundred companies were registered that have shown interest in working on the project and 50% of the suppliers and subcontractors who are working on the project are local companies located within a distance of less than 30 miles.

Platform for dialogue with cities

The Corporate Responsibility Master Plan includes interrelationship with cities, with the objective of establishing a dialogue that will enable its citizens to be protagonists in the search for solutions that will allow municipalities to improve their eco-efficiency.

Almería 2020

A noteworthy example of dialogue with cities is the participation of FCC in the discussion panel with the stakeholders of Almería 2020, a platform focused on the future of that city. This session included the presence and collaboration of various personalities of the civil and business sectors from the region, whose views and perspectives helped to forge a global vision on the city and its future.

On the basis of the different findings during the discussion panel, a report was prepared with the following lines of guidance:

1) Prioritization of the most important issues for the smart, clean and integrating development of the city of Almeria in 2020.

2) Analysis of the current situation of the topics discussed, documenting and developing appropriately each of them.

3) Identification of the main lines of action by prescribers, to achieve such development.

Of the various topics discussed during the meeting, the following are some of the most interesting: tourism, agriculture, the role of the port, innovative water management, concentration of the food and agriculture sector, waste management, regeneration of the city centre, cinema, airport and internal communication within Almeria.

After the completion of an analysis to prioritize the issues that proved to be of greater relevance to the audience, several lines of action were established, in particular, with regard to tourism, the food and agriculture sector, the port and innovative water management.

With regard to innovative water management, through its Water Division, FCC Group has always stressed the importance of ensuring the supply of this resource in the future and the need to improve the reuse of same. With these objectives, the company has analysed, along with other entities of the city, the following aspects:

- Management of aquifers.
- Diversification of sources used to capture water.
- Waste-water recovery technologies.
- Minimizing system losses.
- Awareness-raising methods and involvement of the population.

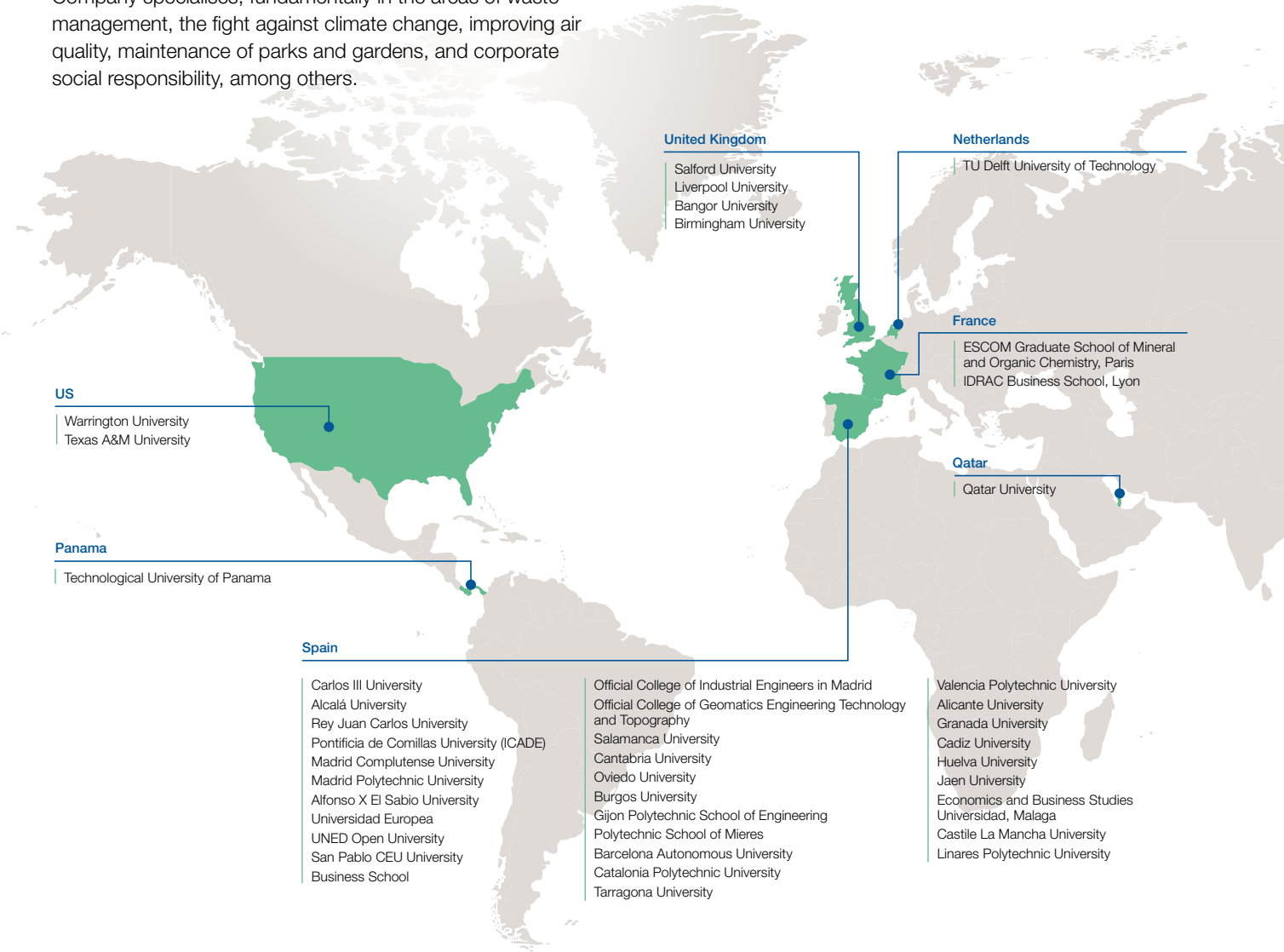
In the same vein, FCC and the city council of Almeria have been working on the preliminary plan for the reuse of water from the treatment plant in El Bobar for its use in agriculture. The goal is to achieve the greatest possible efficiency in the use of the resource to enable present and future economic and social development.

Sharing knowledge with universities, colleges and business schools. A commitment to education and children

Cooperation within the sphere of education represents a basic line of action with respect to the social commitment activities of FCC Group. Knowledge and experience of the employees are the main assets of the project developed by the Company. FCC makes use of this expertise for the development of educational activities aimed at economic, social and cultural development of local communities in which it operates.

Each one of FCC Group's lines of business carries out its own educational activities.

The objective is to share knowledge in the areas in which the Company specialises, fundamentally in the areas of waste management, the fight against climate change, improving air quality, maintenance of parks and gardens, and corporate social responsibility, among others.





Awareness-raising activities for schools (Austria).

Social Action Projects for Development

My School, First (Panama)

FCC Group has carried out a programme for the improvement of more than 3,000 official schools in Panama, called "My School, First", with which it seeks to offer Panamanian students a better education.

The project is the result of a cooperation agreement signed between FCC and the Secretariat of Economic Affairs and Competitiveness of the Ministry of the Presidency of Panama. The objective of the project is to rescue, renew, upgrade and equip more than 3,000 of the county's official schools with a view to providing students with a better education.

An example of this project is the renovations carried out in the Rubiano Secondary School, a school created in 1970 that promotes secondary school education in Science, Information Technology and Humanities.

The amount of the reform amounts to three million dollars and covers, among other initiatives, the remodelling and adaptation of all its physical facilities, upgrading classrooms and pavilions, plumbing and reform of sanitation networks, checking the electrical wiring and installing more than 70 air-conditioning units, as well as the installation of 295 doors and over 300 windows.



Playground in Widnes (United Kingdom)

As a result of the request submitted by the Time Bank Community Centre of Merseylink, the body that supports projects in local communities, and as an example of the Group's commitment to the communities in which it operates, it has participated in the financing of a playground in Widnes (UK).

The new recreational area located in the West Bank Community Centre cost 27,000 pounds (approximately 33,364 euros at current exchange rates) and was financed through the Merseylink Regeneration Fund and a collection of contributions from employees and various suppliers.

The playground has extensive equipment, consisting of a train-shaped trunk, a pirate ship, climbing frames, wooden poles, benches, a picnic area and disabled access.

The new recreation area for children in Widnes, one of the two communities next to Runcorn that form the town of Halton, is framed within a large infrastructure project for the bridge over the River Mersey, located near Liverpool in the Northwest of the country.

FCC was awarded this work worth 700 million euros in June 2013, constituting its hitherto largest contract in the United Kingdom.

Supporting groups at risk of social exclusion and inclusion difficulties

FCC believes that the best way in which the Company can assist in the integration of all people is through employment, thus contributing to their professional and human development. For this reason, efforts are focused on job placement.

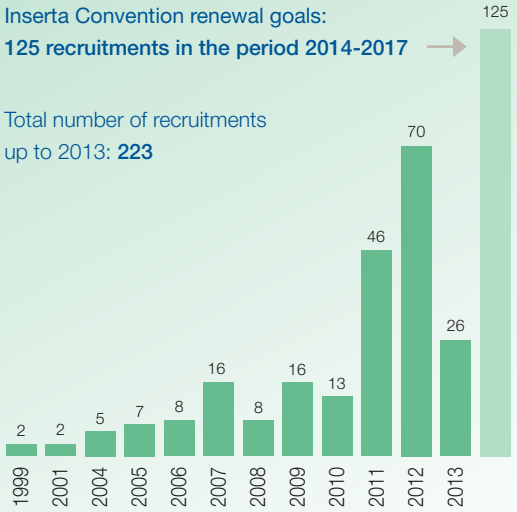
In the task of recruiting, hiring, and monitoring of persons with disabilities that are incorporated into the organization, and to ensure that it performs the best matching of profiles and jobs, and the integration of the individuals hired, FCC Group works hand-in-hand with different professional entities. The initiatives developed by the organisation in this area have already been dealt with in the section on "The team of professionals at FCC".

Incorporation of people with disabilities: Inserta Convention

The agreement with the ONCE Foundation (Inserta Convention) is still in force in 2015, which provides for the recruitment of 125 people with disabilities in the period between 2014 and 2017. 23 people were hired in 2015. With these contracts, the Group has already incorporated a total of 272 people with disabilities within the framework of this agreement.

Inserta Convention renewal goals:
125 recruitments in the period 2014-2017

Total number of recruitments up to 2013: **223**



FCC supports third-sector associations in job placements

FCC recognizes the right to work under equal conditions and opportunities in an open, inclusive and accessible work environment, premises that are backed in the Company's equality and diversity policy and its Code of Ethics.

FCC subsidises projects that help and promote social integration, employment and value through recruitment. The Group collaborates with the Adecco Foundation, the Integra Foundation and the Prevent Foundation, among others. With the Prevent Foundation it works with the management, promotion and integration of persons with disabilities; with the Adecco Foundation, it has developed the Family Plan and with the ONCE Foundation and the Inserta Programme, it promotes the training and employment of people with disabilities.

FCC also gives financial support and donations towards the development of programmes to improve the health, social and educational conditions, etc. of the neediest, as well as working on specific projects and encouraging the involvement of staff by getting them to donate through practices such as buying the ONCE lottery ticket.

Integra commitment and recognition of our work



FCC Group joined the "Integra Commitment" initiative in 2015, launched by the Integra Foundation for the integration of people at risk of social exclusion. This campaign has been joined by a network of companies and organizations committed to socially responsible employment.

Furthermore, throughout this year the Integra Foundation recognized FCC Group for the work carried out in this area. The award recognizes FCC Group for its involvement and support in the project of the Foundation, that has resulted in the hiring, by FCC, of more than a hundred people at risk of exclusion or that have some kind of disability.

In 2015 FCC Group participated in other initiatives, among which was the 'Pink Week' against breast cancer, an initiative of the Spanish Association Against Cancer (AECC) and the Oviedo City Council which joined the Water Management Division of FCC Group for another year in order to raise awareness and support for this disease. Also important was the Conference on vulnerable people and minimal supplies, whose organization corresponds to the Andalusian Ombudsman and in which FCC Aqualia also participated.



Breast cancer awareness campaign in Oviedo (Asturias).

Assistance to people through social tariffs

In recent years, especially after the economic crisis, many people are struggling to pay their water bills. FCC Aqualia has signed agreements with the city councils of the towns where it manages the water cycle to find a solution for those who cannot pay their water bills. People simply have to go to their social services and prove their situation. From the city councils the requests are redirected and measures are taken to ensure that these people do not have their water supply cut off.

This agreement has also been signed with Cáritas España. The agreement involves FCC Aqualia paying for all water bills pertaining to Cáritas España in towns where it manages the water cycle. VAT and invoices for any rubbish associated with the water are also paid. In addition, the agreement provides aid to all those who are sent on from Cáritas España to social services at city councils in order to assist them in paying their water bills.

Social development through responsible management in Latam

The Valdeza Quarry (Panama)

Valdeza is the scene of a productive process essential to the progress and development of the country. The high levels of social acceptance of the project are a reflection of FCC Groups conviction to carry out responsible management from a social and environmental point of view.

FCC has made special efforts to mitigate any possible impacts. It has therefore implemented several reforestation programmes, monitoring the passage of trucks and noise control at rest times.

The Social Responsibility Plan of Valdeza has been agreed from the outset with the community and has involved citizens in its execution. This programme has been a key element to achieving the climate of harmony and coexistence that exists between the Company and citizens.

The plan includes projects such as periodic medical examination campaigns, construction of recreational areas that bring joy to hundreds of children, and health and wellness seminars for citizens, among other things.

Restoration and protection of El Camino de Cruces (Panama)

The Camino de Cruces is a historic route, used in the sixteenth and seventeenth centuries to transport gold and silver, with great geopolitical and cultural importance. The City Hospital project occupied part of the route, so FCC proposed to modify it in order to avoid affecting the layout and to safeguard the sections of the pavement (500 meters).

"By planting water we collect life" (Colombia)

The programme seeks to raise awareness in the local population about the importance of conserving the river basins. FCC has improved the river dynamics and thus water quality; it has built marginal embankments for flood control and to mitigate the risk of same, it has also integrated communities living in the vicinity of the river by building ecological parks.

Thanks to this project 35,000 trees have been planted and sixty children have been involved, the population of the area has gone two years without flooding and has almost eliminated the bad odour.



Evaluating social and environmental sustainability in operations

The 1.5 action programme of FCC's third Corporate Responsibility Master Plan, in its "Citizen Connection" line, establishes the goal that in all public tenders submitted by FCC there will be a social and environmental impact metric with respect to its hiring operations.

In response to this objective, FCC Construcción has a metric to assess the social and environmental sustainability in tenders in which it competes. In addition, a database has been designed and maintained to analyse the results, for which the company has its own software tool.

In particular, the metric assesses whether the project to be submitted for tender involves the relocation of people or communities, whether it negatively affects any singular element of heritage, whether there is an environmental impact study, or any other figure for predicting and mitigating environmental impacts, whether the construction work involves increased access to basic utilities (water, communications, electricity, etc.) for the population, whether citizen participation has been included at any point in the process or whether the project has a specific and evident social response.

The classification of the project, defining whether its environmental and social risk is high, average, or minimal, allows the early identification of relevant requirements when submitting the tender, evaluating and auditing the project. Of the 690 projects tendered and studied in 2015, 61% presented minimal or zero environmental and social risks, 39% have been associated with an average risk and 0% have a high risk.

This new metric is added to the "Initial Risks' Report", through which it examines the contractual risks, financial risks, insurance and tax risks, technical risks and financial risks of the construction work. With the result of both analyses, complete information is available in all areas of sustainability, which helps the Company in its decision-making process regarding whether or not to submit the bid.



Information day on the development of the integrated water cycle management.

Educational action for sustainable development

FCC Aqualia and awareness for the rational consumption of water

In 2015, in order to celebrate World Water Day, FCC Aqualia celebrated the thirteenth edition of the international Children's Drawing Competition. The event was held on digital format, through the website www.llenatumundodevida.es, with the aim of promoting the use of new technologies. In the 2015 edition at total of 8,500 year-3 and year-4 school children participated from municipalities where FCC Aqualia provides services in Spain and Portugal.

This effective educational and informative initiative also has an internal version. Thus, 175 children and grandchildren of employees of FCC Aqualia took part in the sixth edition of Small Artists, an activity that is also developed entirely on-line. Importantly the initiative has spread to six of the countries in which FCC Aqualia operates: Spain, Czech Republic, Mexico, Chile, Uruguay and the United Arab Emirates.

Furthermore, on the occasion of the celebration of World Water Day, and in order to promote the commemoration of this date, FCC Aqualia has been present across various media. For this occasion, various advertising graphics and ad hoc content for about thirty media were created.

The communication strategy in all media has intended to give value to the activity that FCC Aqualia carries out, with messages aimed at the community regarding public and private water and its management, which has to be efficient and sustainable (financially and socially) while enhancing the attributes of closeness, commitment and professionalism. This approach can be reflected in advertising graphics, brochures, banners, the reverse side of bills, on the calendar 2016 (Twelve truths about water management) linked to the drawing contest, and in the Company's new educational tool created in 2015, "The Aqualia notebook".

In addition to this initiative, and to educating and raising awareness on the importance of protecting the environment, in 2015 FCC Aqualia held over one hundred workshops with different groups, such as housewives, the retired or journalists, and its facilities have received more than 15,000 visits from students. These events have served to inform about the development of the management of the integrated water cycle in a company such as FCC Aqualia, and to train the different groups in the proper use of resources: responsible drinking, using the toilet, management of waste oil, etc.

2. Corporate Volunteering

FCC Group and its different business areas encourage the participation of its employees in achieving corporate objectives. The programme helps the social projects of the **Esther Koplowitz Foundation**, a point of reference in Spain for providing of assistance to society's most needy.

The volunteer programme is an opportunity to promote, among employees, the benefits of participating in corporate citizen projects, supporting the company's mission to create value for society and to contribute to the welfare of people. The volunteer projects are carried out in the field of cooperation, environmental education and aid to humanitarian emergencies.

Milestones in 2015

- It has continued with the initiative "Friday's at the Old Peoples Home" which has now reached 347 people.
- "Summer at the Residence" has also been held for the second consecutive year responding to the demand of the residents.

Challenges in 2016

- Maintain at least a bimonthly frequency of voluntary activities, and to maintain the quality of such activities.
- Achieving better results from the volunteering portal by launching other solidarity initiatives by FCC employees.

Corporate volunteer project on cognitive stimulation of people at risk of exclusion "FCC Volunteers, with you there are more or us".

Throughout 2015 FCC Group has given continuity to the programme "Friday's at the Old Peoples Home", which is already in its six edition. The main objective of the programme is to contribute to improving the welfare and quality of life of older people with few resources, through the stimulation of their cognitive state, which is the main cause of their fragility and dependence. To achieve this, different conferences and cultural initiatives took place, designed in close collaboration with professionals from the centres responsible for the care of these people.

Through this project FCC managed to increase closeness with its employees, at the same time as channelling its social will, and embracing the affective bond between the residents in the centres and the company itself.

The activities are fundamentally of two types: lectures on cultural, medical or recreational issues, in which there is a transmission of knowledge from the volunteer to the resident, but which are also conducive to the active participation or debate on the part of the resident; and music and dance performances that physically and psychologically stimulate elderly people.

The programme is addressed primarily to those residents of old people's homes with few resources and the Nuestra Casa day centres in Collado Villalba (Madrid) and the Nostra Casa Residence of FortPienc (Barcelona), both residences built and subsequently donated to the local government by the Esther Koplowitz Foundation. The project currently covers a total of 347 people.

For the second consecutive year the "Summer at the Residence" took place, to provide continuity to the programme during the summer period, thus responding to the demand of the residents.

Commitment to solidarity and the most needy

FCC Group is committed to the neediest people in the communities in which it operates, thus it also encourages the participation and volunteerism of all people in the Group. In this regard, during 2015 various social action campaigns with the direct involvement of FCC employees have taken place, among which are the following:

- **"No one without shoes."** The purpose of this campaign was to collect used shoes, it was a success in terms of participation and more than four hundred pairs were collected. The shoes were delivered to the parish of Santa Teresa and San Jose in the Plaza de España in Madrid. The aim of this initiative is to raise awareness regarding social shortcomings in our environment and to help the needy.
- **Operation Kilo**, a campaign for the collection of food. In line with the strong social responsibility of the Company, FCC, in collaboration with the Charity Food Bank, launched the solidarity campaign for the collection of food, Operation Kilo. From the various delegations in Spain, FCC employees joined this cause in which they donated more than 17 tonnes of non-perishable food and first necessities, in addition to personal hygiene products.



- **"This Christmas will sound like a fairytale."** On the occasion of the Christmas holidays, FCC launched this initiative, which was performed globally for the entire Group for the first time. For each of the many people who offered sing a Christmas carol, FCC donated a children's story that brought together the great number of books donated by employees, amounting to nearly 2,500 copies delivered to the Red Cross throughout the world.
- Solidarity race **"Run for a child."** In 2015 FCC participated in the fifth edition of the solidarity race "Run for a child", organized by the University Children's Hospital Niño Jesús, in order to finance projects for its Biomedical Research Foundation.

3. Interaction with Stakeholders

(G4-24); (G4-25); (G4-26); (G4-27)

The strategy of dialogue with the stakeholders of FCC Group is promoted from all lines of business within the Company. In a citizen services company such as FCC Group, communication with stakeholders should be on-going, in order to detect and meet the needs of the societies in which it operates and to identify their main concerns.

FCC Group has a robust communication strategy, which allows it to gain visibility and external knowledge of activities and corporate results. This strategy includes different communication platforms through which the Group maintains a constant and close relationship with all its stakeholders.

The Company has various communication channels that allow for initiatives to be proposed, heard and carried out that respond to requests made by third parties. In recent years the **corporate website** has been consolidated as the most used channel through which to post information to its different stakeholders. Likewise, the divisions of the Group post key information through **consultation sessions, e-mails, bulletins and magazines, sectorial publications** and **end-of-work surveys**, among other things.

Milestones in 2015

- Holding 273 meetings with investors.
- Formalization of FCC Aqualia's relationship with the Journalists' Association of Environmental Information (APIA) with the signing of a collaboration agreement.
- Improving FCC Construcción's internal channels:
  - Migration of the documentation from in the old Intranet to the new FCC One Intranet.
  - Internationalization of the FCC One Intranet, taking it to Chile, Peru, Mexico and Colombia.
- Launch of FCC Construcción's new "Information Capsule".

Challenges in 2016

- Increasing interaction with shareholders and investors.
- Continue with the development of initiatives by FCC Aqualia to improve water quality.
- Empowerment of initiatives to facilitate professional development and enhance the customer experience of FCC Aqualia.
- Continuing to perform work with local administrations to understand the needs of future cities, and to promote dialogues and projects regarding same.

Shareholders and Investors

(G4-24); (G4-25); (G4-26); (G4-27)

FCC channels the interaction with shareholders and investors through a shareholders' office and through a specific section of the corporate website, which provides information on economic performance, market information and financial information. In addition, FCC Group has an investors' calendar to provide notification of relevant events.

In 2015, the Stock Market and Investor Relations department held 273 meetings with investors, of which 43% have taken place with UK investors and another 19% in the US.

Employees

(G4-24); (G4-25); (G4-26); (G4-27)

Internal Communication

The establishment of effective internal communication is a priority objective of the Human Resources team. The Communications Department and Corporate Responsibility work to establish new and powerful internal channels and to achieve a corporate culture based on common and robust behaviours and values as a sign of identity, able to mobilize, motivate and engage people who make up the team of FCC professionals.

The Human Resources department of FCC has an Internal Communication Plan, which includes a series of communication actions and internal services developed by the Internal Communication team, complementary to other actions undertaken by this department to facilitate the flow of information, messages, policies and strategies related to the management of the company and the professional environment. For its part the Human Resources Strategic Plan aims to promote communication that will help to encourage productivity and professional development of employees in the company.

Tools for dialogue with the people who make up FCC

FCC professionals have access to a corporate Intranet, FCC One. This is the main channel for multi-directional communication within the Company. Furthermore, the Company makes the Employee Portal available to its employees, which has specific content and an **Internal Communication Channel** with additional tools for facilitating dialogue and aligning positions between employees and the Company.

Furthermore, FCC Group holds **periodic meetings** aimed at informing employees face-to-face about different matters.

FCC Group also keeps its employees informed via the publication of the quarterly on-line magazine "**Communication Network**", which includes relevant information relating to the most recent events that have taken place within the Group.

(G4-24); (G4-25); (G4-26); (G4-27)

In addition to the above, each business line uses its own internal communication tools. This is the case for FCC Aqualia and its Flash Information. This tool provides brief information on the entire organization on major developments and projects that it develops. In 2015 a total of 210 flashes were issued. In addition, for workers who do not have access to an e-mail account a new communication channel has been created called "Your Flash". This is a printed newsletter, which is delivered along with the employee's payslip, and includes and summarizes the main messages of the month.



For its part, during the last financial year, FCC Construcción launched the "Information Capsule" flash, containing relevant information disseminated via email to all employees of the division. It has also launched a communication campaign via e-mail to inform all employees of FCC Construcción on internal mobility offers posted on the Intranet.

Respect and support for employment rights

In Spain the entire workforce of FCC Group is covered by a collective bargaining agreement. This type of employment regulation is the predominant form in the organisation as a whole at international level, without prejudice to other forms of regulation.

At international level, FCC Group is a signatory to the most important standards in the field of human rights.

- United Nations Global Compact. The Company furthermore includes, among its guiding principles for its policies, the OECD Guidelines for Multinational Enterprises.
- In countries which have not ratified the ILO conventions, FCC Group has proceeded with the negotiation of agreements with the International Federation of Construction and Wood Workers (BWINT).
- The Company has made commitments within the framework of the Universal Declaration of Human Rights, the Declaration of the Rights of the Child and various ILO conventions.

Suppliers and contractors

(G4-24); (G4-25); (G4-26); (G4-27)

FCC provides training sessions and awareness campaigns with its suppliers to strengthen existing relations and ensure compliance with its policies and commitments.

Suppliers' commitment to FCC's Code of Ethics and the Global Compact

FCC establishes the obligation for all suppliers and subcontractors to understand and respect the content of FCC's Code of Ethics in their relationship with the companies of the Group. The suppliers should also make the commitment to fulfil the ten principles of the United Nations Global Compact, which FCC joined in 2007.

Public administrations and regulators

(G4-24); (G4-25); (G4-26); (G4-27)

FCC Group is involved in self-regulation industry initiatives and the development of legislation relating to its sector of activity. All the Group's business divisions use processes whose objective lies in maintaining standards of production and service in the different areas of activity, as well as in the sphere of sustainability. These processes have been established voluntarily.

Customers

(G4-24); (G4-25); (G4-26); (G4-27)

The business model of FCC Group is geared to meet the needs and demands of different profiles of direct customers: government, private institutions and individuals.

The quality of customer service is a cornerstone in the strategy of FCC Group. Therefore, to ensure the best quality of products and services, all lines of business are certified under ISO 9001 UNE.

FCC has different communication channels with its customers: phone, email, fax, internet, letters, invoices, or face-to-face visits and meetings with sales departments. These channels can be used to find out more accurately the needs of customers and progressively improve the services offered.

Integrated Water Management

Customer services are an essential part of the service provided by FCC Aqualia. The Company's policy is to offer personalized and close attention according to the needs of each customer. For this reason, it provides the tools and resources needed to offer a flexible, quick, simple and effective service to each customer. FCC Aqualia's main communication channels are:

- Aqualiacontact. Telephone helpline that allows the customer to perform all their tasks without needing to leave their office. It also helps to reduce the maximum response time in the resolution of faults in the distribution networks with the consequential saving of water. In 2015 this service received more than 748,000 calls.
- AqualiaOnline. A channel that allows FCC Aqualia customers to perform all their processes in a simple, flexible and confidential manner 24 hours a day, 365 days a year. Through the FCC Aqualia website, it is possible to perform procedures, modify personal data, consult the tariffs applied, request electronic bills, facilitate the reading of the counter, pay bills, submit claims or request the cancellation of supply, among other processes.

Both channels make a management system available that ensures the security of customer information endorsed by an AENOR certificate in accordance with UNE-ISO 27001: 2007. In addition, with the purpose of ensuring the protection of users' data, FCC Aqualia uses the "e-privacy" tool.

The effectiveness of these communication channels has allowed once again, to reduce the number of customer complaints compared with the previous year.

FCC Construcción

FCC Construcción has a customer interlocutor responsible for raising points of collaboration and addressing any suggestions received, as well as discussing the information gathered in meetings with customers, and will subsequently provide information on the actions taken as a result of their suggestions.

FCC live is an on-line publication that has three sections: video-news, video report and a newsletter. Its design has a friendly format, which allows you to update the content to be generated according to the needs of the business for a rapid dissemination of information. This channel brings the company closer to its stakeholders and generates a positive attitude toward FCC Construcción, its activities and its professionals.

FCC City is an on-line channel that allows two forms of navigation: a virtual city, and a map of the world in which more than 120 unique works organised by continent and country have been located.

Differentiation and positioning: FCC Aqualia as a "glocal" company

During 2015 FCC Aqualia worked on strengthening the positioning of the brand. FCC Aqualia has launched the corporate descriptor "Your water company" aimed at all markets and all customers, which has been featured in all the Company's advertising and social marketing. The objective is to seek differentiation and position FCC Aqualia, in the minds of citizens, in a different area than competitors: the people.

Also during 2014 the Company worked to reinforce the perception of FCC Aqualia as a "glocal" company (global management with a strong local commitment) nearby, which provides local value as well as international value, permeable to new cultures.

Customer satisfaction

To meet the expectations, concerns, areas of improvement and degree of satisfaction with the service provided, FCC Group conducts satisfaction surveys on customers from different business lines.

The diversity of activity and types of customer of FCC Group, means that measuring satisfaction is carried out in a decentralised way. FCC Aqualia, as a manager of end consumers and users, is the Group's business that most directly manages dialogue and measuring the satisfaction of stakeholders. The Water Division performs bi-annual satisfaction surveys on end and institutional customers. The latest satisfaction survey to date was conducted in 2014.

These surveys are carried out by phone and online, with a questionnaire with open and closed questions.

In the analysis of the results we get a unique value that measures the overall satisfaction of the customers using a multivariate analysis. This value is calculated on the basis of:

- Valuations that clients give to the various aspects measured in the survey.
- The impact or weight that these aspects have on the composition of the overall assessment given by the user.

In 2016 a new satisfaction survey is planned for end and institutional customers.

Customer satisfaction as a priority for FCC Aqualia

Through **AqualiaOnline** and **Aqualiacontact**, FCC Aqualia is able to respond to its customers based on strict quality standards. Both channels make a management system available that ensures the security of customer information from three perspectives: availability, integrity and confidentiality. The system has been audited by AENOR in accordance with UNE-ISO 27001:2007 which strengthens the Company's strategy of excellence with regard to its customer services.

Aquarating

Aquarating is a scoring system for comprehensively evaluating the performance of water and sanitation service providers. The programme is in its developments phase and is being carried out by the Inter-American Development Bank, (IDB), with the collaboration of the International Water Association (IWA). The system offers the following results:

- An overall score of the provider.
- Detailed ratings on the following aspects: access to the service, quality of service, efficiency in operation, efficiency in the planning and implementation of investments, efficiency in business management, financial sustainability, environmental sustainability and Corporate Governance.
- An evaluation of the reliability of information provided.
- Guidelines for improving management practices.

Aquarating provides important benefits for both direct customers of companies and for the end consumer. For the former, the system assumes important stimuli for providers to maintain or improve their performance and direct incentives, technical assistance and financing of same, in accordance with their level of performance. For the end user it means an opportunity to obtain better services in access to quality, efficiency, sustainability and transparency.

VII. How the Report was Prepared (G4-18 b)

This FCC Group Corporate Responsibility Report of FCC Group (CRR), provides information regarding the management of key aspects of the Company and its business during 2015, as well as developments, activities and indicators framed in the strategic concepts defined in the third 2012-2014 Sustainability Master Plan (extended to 2015). In order to understand the evolution of corporate responsibility at FCC over the years, we recommend that the reader visits the FCC website, which contains information on Corporate Responsibility management in the Group and its subsidiaries.

The Sustainability Master Plan, which ended in 2015, determines the structure of this report, and the specific content also responds to the materiality exercise performed in 2015.

The report contains an overview of the profile and key figures of FCC, information about milestones and goals in each of the Group's three business lines, Infrastructure, Environmental Services and Water; as well as information about the corporate responsibility strategy and action programmes, according to the three strategic lines of the Sustainability Master Plan (Exemplary behaviour, Smart services and Connecting citizens). Each of the three chapters contains a summary of the main policies and initiatives in force.

Materiality Study

(G4-20); (G4-21); (G4-24); (G4-25); (G4-26); (G4-27)

In compliance with the GRI guidelines in its G4 version, for FCC the materiality study contains one internal view (interviews with the Company's key people) and one external view (this year focused on the view of institutional investors), and puts the focus on matters of a social, environmental and/or economic nature that are relevant to the business of the Company and influence the decision making of its stakeholders.

The present study of the financial year 2013-2014, in which external sources were analysed, together with the participation of FCC information officers, has revealed relevant sustainability issues. The materiality study conducted for this report included a validation phase through external interviews with the participation of four institutional investors specialized in extra-financial matters.

The materiality of the FCC Group is presented in nine matrices, three for each business line and three according to the axes of the Master Plan. Given the unique characteristics of each business, the priorities of the material matters have different management issues depending on the impacts of the activities of Infrastructure, Water and Environmental Services.

Methodological detail

(G4-18 a); (G4-20); (G4-21); (G4-24); (G4-25); (G4-26); (G4-27)

In the materiality study carried out for the preparation of the Corporate Responsibility Report 2013 it was based on the 46 specific aspects defined by the Global Reporting Initiative in its "Guide to the preparation of Sustainability Reports G4", applied to the sectors of infrastructure, water and services in which the Company is built. These aspects were classified in the three axes of the Master Plan: Connecting citizens, Exemplary behaviour and Smart services, and by line of business, with the aim of identifying the relevant aspects of the business aligned with the strategic lines of the Group in the field of sustainability.

(G4-18 a); (G4-20); (G4-21); (G4-24); (G4-25); (G4-26); (G4-27)

In order to determine the relevance, a relevance analysis was carried out, for which a quantitative evaluation was performed (number and extent of references made) of the different aspects defined in the G4 Guideline of the Global Reporting Initiative in the public information of the **prescribers** relevant to FCC, and which cover key agents of the sector in which the Company is involved, as well as key international organisations and institutions in the field of sustainability.

- On matters of sustainability: G4 Global Reporting Initiative Guideline, construction sector questionnaire of the Dow Jones Sustainability Index.
- International organisations: OECD and the United Nations Global Compact.
- On matters concerning the sector: International Project Finance, Fundación Laboral de la Construcción, TECNIBERIA, International Water Association, AQUAESPAÑA, Water UK, ASEGRE, International Solid Waste Association, Ecoembes, Aselip, ASEJA, ASPEL and Repacar.

The maturity was determined through the analysis of annual reports and sustainability of FCC's main competitors, which allows the sustainability issues relevant to the competitors to be identified and determines their importance and level of development on the basis of the degree of care that they receive in these reports.

As a result of the previous phases, some matrices were obtained that determined the prioritisation of subjects based on the results obtained in the relevance and maturity analysis, and broken down according to the business and strategic line of the Corporate Responsibility Master Plan.

For the continuity of the materiality study, a review has been carried out of sectoral trends in the medium and long term for each of the businesses, Infrastructure, Water and Environmental Services, all in accordance with the sources of reference for the industry. The review of the matters contained in the matrices has been made on the basis of the following reports: Global Risk 2016 (World Economic Forum) and World Markets Report, Foresight. A Global Perspective Infrastructure (KPMG), Water Outlook to 2050 (OECD), What a Waste. A Global Review of Solid Waste Management (World Bank) and ISS 2020 Vision.

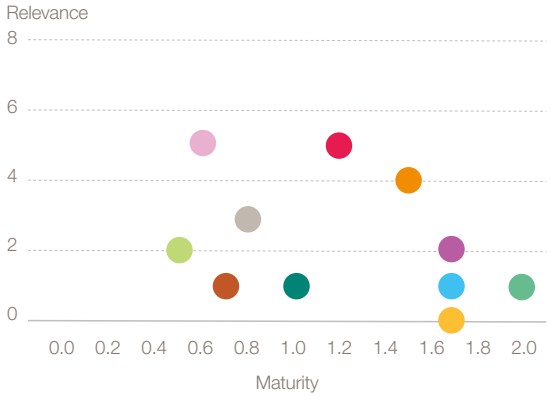
In addition, it has undertaken a process of external validation, carried out through interviews. For this purpose, prescribers from the field of investment have been selected as well as financial and extra-financial analyses.

The result of applying the findings of the external review, has allowed the Company to prioritize and focus on the material matters of FCC Group according to business line and dimension of the Master Plan.

Matrices by business line

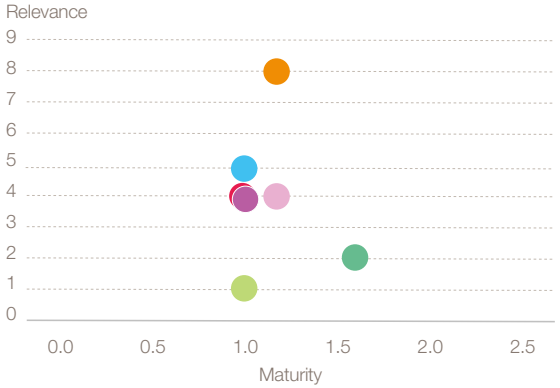
FCC Medio Ambiente

Exemplary behaviour



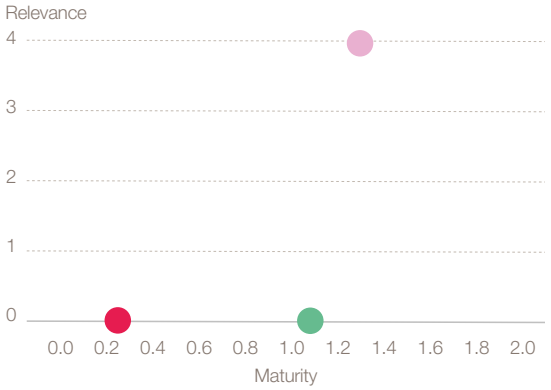
- Ensure an effective relationship between workers and government bodies and guarantee workers' rights.
- Occupational health and safety of clients, employees and suppliers.
- Retention and attraction of talent and employee training.
- Promotion of diversity in the workforce and equal opportunities.
- Detection of illegal practices associated with employment, like forced or child labour.
- Information security and best practices in cybersecurity.
- Corporate policies and systems to prevent corruption.
- Regulatory and social pressure for sustainable development.
- Responsible management of the privacy of information.
- Public commitment to the highest standards in sustainability.
- Responsible management in the supply chain (relations and procurement practices).

Smart services



- Policies on prioritizing the purchasing of materials with a lower environmental impact.
- Efficient water management in water-stressed areas.
- Biodiversity and impact on rural ecosystems.
- Reduction of emissions to the atmosphere and energy consumption.
- Management of natural resources and reduction of effluent and waste.
- Public/private collaboration in the management and protection of critical infrastructure.
- Application of criteria relating to sustainability in the areas of research, development and technology.

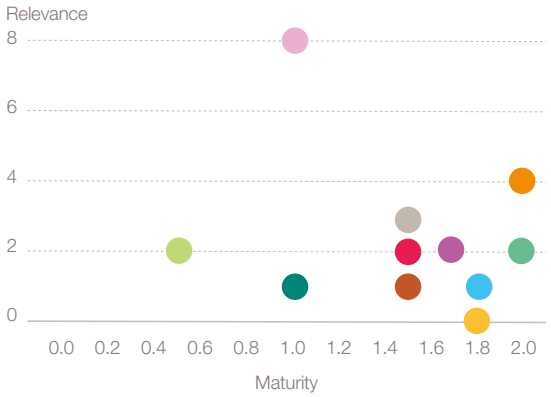
Connecting citizens



- Philanthropy and social action.
- Training initiatives that favour local development.
- Boosting external communication concerning the activity of the Company.

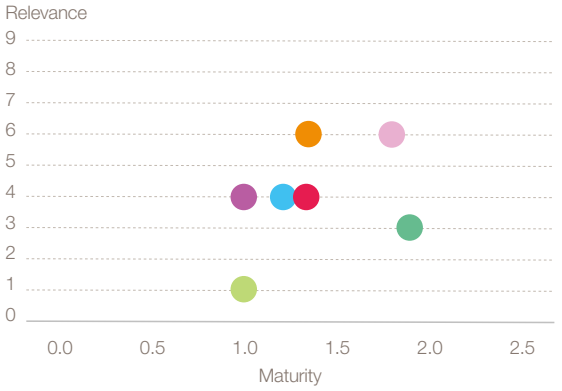
FCC Aqualia

Exemplary behaviour



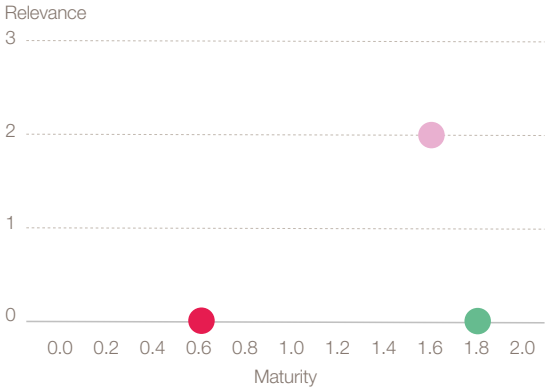
- Ensure an effective relationship between workers and government bodies and guarantee workers' rights.
- Occupational health and safety of clients, employees and suppliers.
- Retention and attraction of talent and employee training.
- Promotion of diversity in the workforce and equal opportunities.
- Detection of illegal practices associated with employment, like forced or child labour.
- Information security and best practices in cybersecurity.
- Corporate policies and systems to prevent corruption.
- Regulatory and social pressure for sustainable development.
- Responsible management of the privacy of information.
- Public commitment to the highest standards in sustainability.
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Smart services



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- Public/private collaboration in the management and protection of critical infrastructure.
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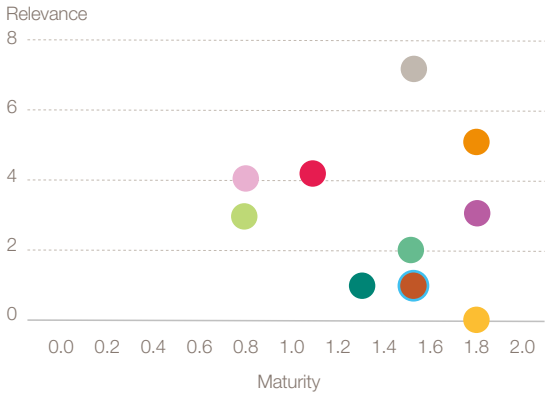
Connecting citizens



- Philanthropy and social action.
- Training initiatives that favour local development.
- Boosting external communication concerning the activity of the Company.

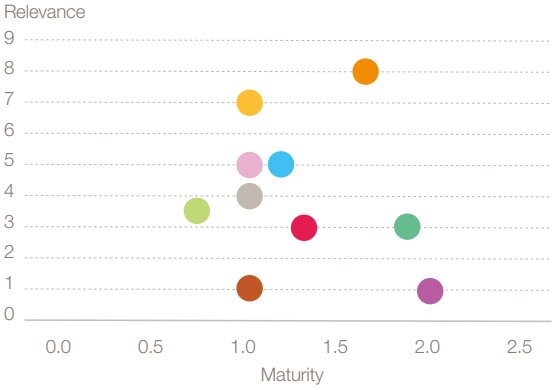
FCC Construcción

Exemplary behaviour



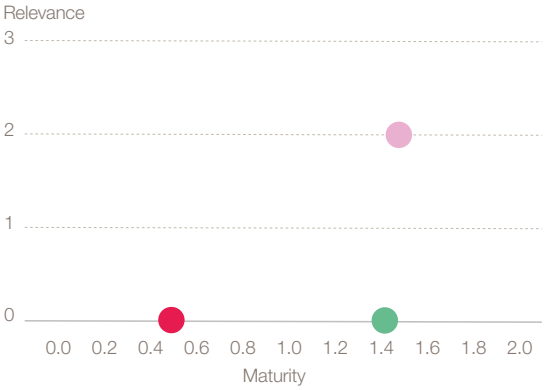
- Ensure an effective relationship between workers and government bodies and guarantee workers' rights.
- Occupational health and safety of clients, employees and suppliers.
- Retention and attraction of talent and employee training.
- Promotion of diversity in the workforce and equal opportunities.
- Detection of illegal practices associated with employment, like forced or child labour.
- Information security and best practices in cybersecurity.
- Corporate policies and systems to prevent corruption.
- Regulatory and social pressure for sustainable development.
- Responsible management of the privacy of information.
- Public commitment to the highest standards in sustainability.
- Responsible management in the supply chain (relations and procurement practices).

Smart services



- Policies on prioritizing the purchasing of materials with a lower environmental impact.
- Promotion of diversity in the workforce and equal opportunities.
- Biodiversity and impact on rural ecosystems.
- Reduction of emissions to the atmosphere and energy consumption.
- Management of natural resources and reduction of effluent and waste.
- Products and services.
- Compliance.
- Adaptation to climate change.
- Public/private collaboration in the management and protection of critical infrastructure.
- Application of criteria relating to sustainability in the areas of research, development and technology.

Connecting citizens



- Philanthropy and social action.
- Training initiatives that favour local development.
- Boosting external communication concerning the activity of the Company.

Results of the 2015 materiality analysis (G4-19); (G4-20); (G4-21)

Below are the material matters according to line of business, and arranged according to the priority level for each axis of the Master Plan.

Environmental Services

Master Plan	G4 Aspects
Exemplary behaviour	• Occupational health and safety of customers, employees and suppliers. • Attracting and retaining talent and employee training. • Promoting diversity in the workforce and equal opportunities. • Regulatory and social pressure towards sustainable development. • Corporate policies and systems to prevent corruption. • Ensure an effective relationship between workers and government bodies and ensure the rights of workers. • Information on security and best practices in cyber security. • Detection of illegal practices related to employment, such as forced or child labour. • Responsible management of the supply chain (relations and procurement practices). • Responsible management of the privacy of information. • Public commitment to the highest standards in sustainability.
Smart Services	• Reduction of emissions to the atmosphere and energy consumption. • Management of natural resources and reduction of effluents and waste. • Application of criteria relating to sustainability in the areas of research, development and technology. • Efficient management of water in places of water stress. • Biodiversity and impact on rural ecosystems. • Policies on prioritizing the purchasing of materials with a lower environmental impact. • Public-private collaboration in the management and protection of critical infrastructures.
Connecting citizens	• Training initiatives that favour local development. • Boosting external communication concerning the activity of the Company. • Philanthropy and social action.

(G4-19); (G4-20); (G4-21)

Water

Master Plan	G4 Aspects
Exemplary behaviour	• Occupational health and safety of customers, employees and suppliers. • Promoting diversity in the workforce and equal opportunities. • Regulatory and social pressure towards sustainable development. • Corporate policies and systems to prevent corruption. • Attracting and retaining talent and employee training. • Ensure an effective relationship between workers and government bodies and ensure the rights of workers. • Information on security and best practices in cyber security. • Detection of illegal practices related to employment, such as forced or child labour. • Responsible management of the supply chain (relations and procurement practices). • Responsible management of the privacy of information. • Public commitment to the highest standards in sustainability.
Smart Services	• Efficient management of water in places of water stress. • Reduction of emissions to the atmosphere and energy consumption. • Application of criteria relating to sustainability in the areas of research, development and technology. • Management of natural resources and reduction of effluents and waste. • Biodiversity and impact on rural ecosystems. • Policies on prioritizing the purchasing of materials with a lower environmental impact. • Public-private collaboration in the management and protection of critical infrastructures.
Connecting citizens	• Training initiatives that favour local development. • Boosting external communication concerning the activity of the Company. • Philanthropy and social action.

(G4-19); (G4-20); (G4-21)

Infrastructures

Master Plan	G4 Aspects
Exemplary behaviour	• Regulatory and social pressure towards sustainable development. • Promoting diversity in the workforce and equal opportunities. • Occupational health and safety of customers, employees and suppliers. • Attracting and retaining talent and employee training. • Corporate policies and systems to prevent corruption. • Information on security and best practices in cyber security. • Ensure an effective relationship between workers and government bodies and ensure the rights of workers. • Detection of illegal practices related to employment, such as forced or child labour. • Responsible management of the supply chain (relations and procurement practices). • Responsible management of the privacy of information. • Public commitment to the highest standards in sustainability.
Smart Services	• Reduction of emissions to the atmosphere and energy consumption. • Application of criteria relating to sustainability in the areas of research, development and technology. • Efficient management of water in places of water stress. • Management of natural resources and reduction of effluents and waste. • Biodiversity and impact on rural ecosystems. • Policies on prioritizing the purchasing of materials with a lower environmental impact. • Public-private collaboration in the management and protection of critical infrastructures.
Connecting citizens	• Training initiatives that favour local development. • Boosting external communication concerning the activity of the Company. • Philanthropy and social action.

Scope of the 2015 Corporate Responsibility Report

(G4-18 b); (G4-22); (G4-23)

The information parameter of this report coincides with the financial consolidation of the Group, and reflects the activities of the company in 2015. Specifically, the extent of the information provided in this report, both regarding the sections on Connecting Citizens and Exemplary Behaviour, corresponds to the scope of integration which is used for financial consolidation, according to which, data is considered from 100% of the participating companies over which FCC has management control, regardless of their stakes.

In 2015 the following companies have been excluded from the scope of reporting: the Company Recuperació de Pedreres de FCC Ámbito, .A.S.A. Hungary and FCC Construcción Algeria (the latter only for social indicators), due to the fact that activity in the last year has fallen significantly and it has not been possible to collect all the indicators requested. For the purposes of scope, it must also be considered that in 2015, with the exception of the indicators of job security and rotation, it has not been possible to gather information on the companies of Aqualia Infraestructuras in Romania, Algeria and Egypt. Nor the societies of Aqualia GIA in Portugal, Italy, Algeria, Saudi Arabia, United Arab Emirates and Mexico.

In the case of joint ventures, the value of those in which it controls the operations is included, applying its percentage of ownership as appropriate.

FCC Group, characterised for its diverse geography and activities, is working to extend the scope of information to all companies making up the group. The relationship of FCC Group companies as of 31 December 2015, and a description of each, appears in the annexes of the annual accounts.

Quality and reliability of the information disclosed

This report intends to provide public awareness regarding issues and indicators that have been identified as tangible, enabling the expectations of the stakeholders of the Group to be met, with information being duly provided on decision making.

The drafting process has been guided by the principles established by the Global Reporting Initiative (GRI) in its G4 Guidelines in order to reflect quality information, and it includes the additional information required by the supplement "Construction and Real Estate", which contains specific indicators for companies in the construction and real estate sector, which must be followed by all companies that want to produce a report in accordance with G4 at its comprehensive level, granted by the new GRI guide to those reports that follow its recommendations. This Corporate Responsibility Report for the year 2015 offers a balanced, comparable, accurate, reliable, regular (annual) and clear perspective on the economic, social and environmental performance of the Group.

The FCC Group's Corporate Responsibility Report 2015 has been audited by KPMG in accordance with the ISAE 3000 international standard. The scope, description of the work and conclusions of said audit can be found in the section entitled Letter of Verification.

United Nations Global Compact

In 2015, FCC Group continued to strongly support the Ten Principles of the Global Compact, principles relating to human rights, labour rights, environmental protection and corruption. The Group has been associated with the Spanish Global Compact Association (ASEPAM) since 2007, whose main objective is to support, promote and disseminate the incorporation of the Ten Principles in the strategic vision of companies.

(G4-18 b); (G4-22); (G4-23)

To show its strong support for the Ten Principles of the Global Compact, FCC Group includes a clause in all contracts with suppliers, approved by the Management Committee, which requires all suppliers and contractors to meet the FCC Group's Code of Ethics and comply with the Ten Principles of the Global Compact. This clause is a guarantee for the Group that its suppliers are adhering to these principles in their own activities.

Compliance with the reference standards

This report has been prepared, for the second consecutive year, in accordance with the Global Reporting Initiative's (GRI) sustainable reporting guidelines, as amended on March 2013 (entitled G4), as well as in accordance with the AA1000 APS Accountability Standard (version 2008). It has also taken into account the sectorial supplement of the GRI for the construction sector.

Application of the AA1000 APS Standard in the preparation of this report
(G4-18 b)

- Inclusiveness. FCC Group and each one of its businesses regularly conduct consultations with its stakeholders. It is therefore particularly relevant that the information contained in this report is in accordance with this principle.
- Relevance. The present report is structured according to the three axes of the Master Plan. The design of said Master Plan was carried out by means of an analysis of sustainable trends that should be met by FCC Group as a citizen service company. This trend analysis, was based on reports of reference sources such as the World Economic Forum, Slim cities: Sustainable buildings; Smart Energy, Water Resources Group, and the special 2011 report of the IPCC, the Special Report on Renewable Energy Sources and Climate Change Mitigation. Subsequently, in a round of internal interviews and with a panel of experts, the relevance of these trends was consulted as well as the material aspects that the Company should take into account according to its activity.
- Response capability. FCC Group has designed a series of initiatives to respond to the challenges that had been identified as key issues for the Company. The Group's response to the challenge of combining its activities with developing sustainable cities of the future aims to better serve its citizens, putting people of the Group at the heart of the strategy and putting greater emphasis on the sustainability of the supply chain.

Supplementary Information

In order to increase the information relating to sustainability of the three business of the Group, and if further information should be required, the reader is invited to visit its corporate website, or read the corresponding sustainability reports, which address each activity in specific detail.

In addition, FCC Group publishes an Annual Report, an annual Corporate Governance Report and an annual report on remuneration of the Directors, for the financial year 2015, available on the corporate website.

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G4-30	Annual		
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G4-32	Comprehensive		
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G4-50	Corporate Governance Report 2015		
G4-51	FCC reports the remuneration of the members of the Board of Directors through the Annual Director Remuneration Report, available on the website of the National Securities Market Commission (CNMV in Spanish)		
G4-52	FCC reports the remuneration of the members of the Board of Directors through the Annual Director Remuneration Report, available on the website of the National Securities Market Commission (CNMV in Spanish)		
G4-53	Annual Remuneration Report 2015		
G4-54	Annual Remuneration Report 2015		
G4-55	Annual Remuneration Report 2015		
Ethics and integrity			
G4-56	Pages 549-550		
G4-57	Pages 549-550		
G4-58	Pages 549-550		

Specific basic contents

Material aspects	Information on the management approach and indicators	Omissions	External assurance
Category: economic			
Material aspect: economic performance			
G4-DMA	Pages 529-531		
G4-EC1	Pages 527 & 529		
G4-EC2	Pages 580-582		
G4-EC3	There are no pension plans for employees		
G4-EC4	Page 636		
Material aspect: indirect economic impacts			
G4-DMA	Pages 603-606		
EC7	Pages 603-606		
EC8	Pages 603-606		
Category: environmental			
Material aspect: materials			
G4-DMA	Pages 566-567		
G4-EN1	Pages 566-567		
G4-EN2	Pages 566-567		
Material aspect: energy			
G4-DMA	Pages 580-584		
G4-EN3	Pages 583-584 & 637-638		✓
G4-EN4	Pages 583-584 & 637-638		
G4-EN5	Energy consumption per employee was 647.42 GJ		
G4-EN6	Pages 583-584 & 637-638		
G4-EN7	Not applicable	The main activity of FCC is related to the construction of infrastructure. Therefore, there are no certificates to ensure lower consumption of the end user.	

Material aspects	Information on the management approach and indicators	Omissions	External assurance
Material aspect: water			
G4-DMA	Pages 593-595 & 637-638		
G4-EN8	Pages 593-595 & 637-638		✓
G4-EN9	Pages 593-595 & 637-638		
G4-EN10	Pages 593-595 & 637-638		
Material aspect: biodiversity			
G4-DMA	Pages 600-601		
G4-EN11	Pages 600-601		
G4-EN12	Pages 600-601		
G4-EN13	Pages 600-601		
G4-EN14	Pages 600-601		
Material aspect: emissions			
G4-DMA	Pages 580-582		
G4-EN15	Pages 583 & 636-638		✓
G4-EN16	Pages 583 & 636-638		✓
G4-EN17	Pages 583 & 636-638		
G4-EN18	Emissions per employee were 188.47 t CO_2eq		
G4-EN19	Pages 583-589 & 636-638		
G4-EN20	Not applicable	The materiality studies carried out by FCC according to their activities and for each key environmental impact indicator have not determined emissions that damage the ozone layer as a material issue for the activity of FCC.	
G4-EN21	Pages 595-596		✓
Material aspect: effluents and waste			
G4-DMA	Page 597		
G4-EN22	Pages 597 & 633-638		
G4-EN23	Pages 597-599 & 636-638		✓

Material aspects	Information on the management approach and indicators	Omissions	External assurance
G4-EN24	There were no significant spillages		
G4-EN25	Pages 636-638		
G4-EN26	There were no water bodies affected by discharges or run-off from the organization		
Category: social			
Subcategory: labour practices and decent work			
Material aspect: employment			
G4-DMA	Pages 551-554		
G4-LA1	Pages 551-552 & 639		✓
G4-LA2	All employees have access to all the benefits		
G4-LA3	Not available	Currently FCC does not have systems to measure this kind of information.	
Material aspect: labor/management relations			
G4-DMA	Pages 616-617		
G4-LA4	Not available	Confidential information	
Material aspect: occupational health and safety			
G4-DMA	Pages 558-563		
G4-LA5	Not available	The company currently does not have the exact percentage of the total workforce that is part of the health and safety committees in some countries, even though the Health and Safety Policy and the monitoring of accidents and the effectiveness of actions cover the entire workforce.	
G4-LA6	Page 639		✓
G4-LA7	Not available	Currently the company does not have this information. It aims to have it in 2016.	
G4-LA8	Pages 558-563		

Material aspects	Information on the management approach and indicators	Omissions	External assurance
Material aspect: training and education			
G4-DMA	Pages 552-553		
G4-LA9	Pages 552-553 & 639		
G4-LA10	Pages 552-553		
G4-LA11	Not available	FCC Group is working on the design and implementation of the development function through a competency model, which includes performance evaluation, career plans and succession plans. It is working on the implementation of a flexible and comprehensive system that supports the performance evaluation and selection processes.	
Material aspect: diversity and equal opportunity			
G4-DMA	Pages 555-558		
G4-LA12	Pages 546-547 & 554; Corporate Governance Report 2015 Pages 17-20		
Subcategory: social			
Material aspect: local communities			
G4-DMA	Pages 602-612		
G4-SO1	Pages 602-612		✓
G4-SO2	Pages 590-591 & 611-612		
Material aspect: anti-corruption			
G4-DMA	Pages 549-550		
G4-SO3	Pages 549-550		
G4-SO4	Pages 549-550		
G4-SO5	Not applicable	There were no cases of corruption during 2015	
Material aspect: grievance mechanisms for impacts on society			
G4-DMA	Pages 549-550		
G4-SO11	Pages 549-550		

IX. FCC Group's Performance Indicators 2015

	Units	2015	2014	2013	Externally verified indicators
Economic indicators					
Net business turnover	Millions of euros	6,476	6,334	6,750	
Gross operating profit EBITDA	Millions of euros	814.6	804.0	717.3	
Net operating profit. EBIT	Millions of euros	323.8	(345.6)	(307.7)	
Operating Cash flow	Millions of euros	600.3	608.9	774.8	
Cash flow from investments	Millions of euros	(412.6)	(167.2)	(411.5)	
Project portfolio	Millions of euros	32,499.7	32,996.5	32,865.1	
Economic value generated	Thousands of euros	6,696,094	6,729,942	7,024,118	
Economic value distributed by the FCC Group	Thousands of euros	13,114,625	6,281,674	6,909,491	
Procurements (suppliers of materials and services)	Thousands of euros	2,415,153	2,220,917	2,604,551	
Salary expenses	Thousands of euros	1,858,626	1,916,696	2,005,001	
Corporate income tax	Thousands of euros	(40,846)	(64,171)	(135,376)	
Interest and exchange rate differences	Thousands of euros	ND	549,156	498,613	
Dividends paid to shareholders	Thousands of euros	0	0	0	
Economic contribution to corporate citizenship.	Millions of euros	8.35	3.3	4.017	
Significant financial assistance received from governments (subsidies)	Millions of euros	248.3	239.271	226.254	
Activity certified by ISO 9001	%	ND	85.42	83.8	
Purchases to suppliers	Thousands of euros	1,321,475	1,394,923	1,610,135	
Total purchases from local suppliers managed directly		ND	ND	ND	
Ethics and integrity					
Communications received through the Code of Ethics channel	No.	ND	21	22	

	Units	2015	2014	2013	Externally verified indicators
Efficiency and technology					
Investment in R&D&i	Millions of euros	13.132	16,237[4]	18,437	✓
Activities with environmental certification (e.g.: ISO 14001)	%	ND	81.90	77.5	
Emissions of SO_2	Kilograms	2,669,757.47	2,688,388.59	2,060,000	✓
Emissions of NO_x	Kilograms	9,345,957.73	9,833,923.46	10,885,000	✓
Particle emissions	Kilograms	1,807,626.09	1,867,889.81	2,254,000	✓
Materials of renewable origin	Tonnes	658,941.96	1,206,724	1,206,724	
Materials of recycling origin	Tonnes	13,797,055.97	14,098,240	14,098,240	
Certified materials	Tonnes	8,908,589.59	4,097,668	4,097,668	
Consumption of water	Cubic Metres	12,867,791	12,811,711	9,919,405	✓
Consumption of recycled water	Cubic Metres	186,575.18	153,869	610,012	✓
Consumption pertaining to surface water	Cubic Metres	1,177,755	1,064,474	1,294,226	✓
Consumption pertaining to ground water	Cubic Metres	3,064,695.68	3,049,297.1	1,627,473	✓
Consumption pertaining to municipal supply	Cubic Metres	6,694,334	6,693,212.26	3,563,204	✓
Consumption pertaining to other sources	Cubic Metres	1,744,432	1,850,858	1,462,230	✓
Discharged wastewater	Cubic Metres	286,601,882	164,708,144	560,136,681	✓
Treated wastewater	%	ND	ND	95	
Capture of water to be managed	Cubic Metres	620,994,212.41	843,979,880	763,751,430	
Percentage of ground water captured	%	47.5	17	29	
Percentage of surface water captured	%	50.88	55	72	
Percentage of desalinated water captured	%	1.39	27	1.5	
Percentage of other captured elements	%	0.22	1	1.9	
Total waste generated	Tonnes	2,734,330	7,284,838.92	5,417,813	✓
Hazardous waste generated	Tonnes	77,085.60	81,974.65	85,559	✓
Non-hazardous waste generated	Tonnes	2,657,244.86	7,202,864.27	5,332,369	✓
Waste managed	Tonnes	25,357,151.62	16,053,302	17,091,361	
Waste collected	Tonnes	5,101,408	6,276,488	6,692,654	
Urban waste	Tonnes	4,320,982	5,257,941	5,382,369	

[4] The investment in R&D&i in 2014 has been calculated by updating the CPV data.

	Units	2015	2014	2013	Externally verified indicators
Hazardous industrial waste	Tonnes	236,319.71	279,546	432,931	
Non-hazardous industrial waste	Tonnes	544,106	739,000	877,354	
Waste accepted at FCC centres	Tonnes	9,524,045.94	9,776,814	10,398,707	
Urban waste	Tonnes	4,110,652.36	4,571,114	5,051,636	
Hazardous industrial waste	Tonnes	235,787.21	284,634	357,531	
Non-hazardous industrial waste	Tonnes	5,177,606.37	4,921,066	4,989,540	
Treatment given to hazardous wastes	—	—	—	—	
Recovery	%	23	28	26	
Stabilisation	%	60	55	41	
Transferred to an end manager/other destinations	%	17	17	20	
Treatment given to non-hazardous wastes	Tonnes	—	—	—	
Recovery	%	53	30	13	
Elimination in controlled landfill	%	44	54	81	
Transferred to an end manager	%	3	16	6	
Energy and climate change					
Total GHG emissions	t CO_2eq	10,393,255	10,236,679[5]	9,688,669	✓
Direct GHG emissions	t CO_2eq	9,711,807	9,455,477	9,150,142	✓
Indirect GHG emissions	t CO_2eq	681,449[6]	781,202	538,527	✓
Direct energy consumption	GJ	28,866,265	28,514,713	25,202,566	✓
Renewable energy consumed	GJ	1,317,690	1,499,815	1,239,930	✓
Non-renewable energy consumed	GJ	27,548,575	27,014,898	23,962,635	✓
Indirect consumption of energy	GJ	6,835,734[6]	7,678,311	5,313,184	✓
Electrical energy consumed	GJ	6,834,124	7,676,876	5,310,338	✓
Energy in the form of steam consumed	GJ	1,610	1,435	2,846	✓
Total energy consumption	GJ	35,701,999	36,191,589[7]	30,515,750	✓
Community	**Units**	**2015**	**2014**	**2013**	
Investment in corporate citizenship	Millions of euros	8.35	3.3[8]	4	✓

[5] The indirect emissions of GHG in 2014 have been recalculated.
[6] It has not been possible to gather all the information pertaining to the operational scope of .A.S.A.
[7] The total consumption of energy has been calculated by updating CPV and .A.S.A. data.
[8] The investment in corporate citizenship in 2014 has been recalculated.

	Units	2015	2014	2013	Externally verified indicators
People					
Total staff	No.	55,145	58,034	63,254.97	
Total women	No.	11,953	12,122	13,677.09	
Total men	No.	43,192	45,912	49,577.88	
Percentage of women executives with respect to total executives	%	24	19	17	
Number of employees with permanent contract	No.	7,654	9,438	12,989	
Number of employees with a temporary contract	No.	4,878	7,846	8,759.10	
Number of seconded employees	No.	42,613	40,750	41,507	
Total voluntary rotation	%	3.5	3.10	3.88	✓
Total voluntary rotation of men	%	3.58	3.32	4.10	✓
Total voluntary rotation of women	%	3.05	2.27	3.11	✓
Number of disabled employees	No.	942	849	930.69	
People hired within the geographical proximity	No.	ND	ND	7,407.38	
Number of training hours per employee	No.	7.88	6.48	9.37	
No. workers covered by collective agreements (Spain)	No.	100%	100%	100%	
Amount of time off due to occupational accidents, employees + subcontractors (except while travelling or for cardiovascular reasons)	No.	2,624	2,723	2,821	
Accident rates FCC Group (own personnel, national and international)	—	—	—	—	
Frequency rate	—	24.55	24.39	23.14	✓
Severity rate	—	0.82	0.75	0.7	✓
Incidence rate of occupational accidents	—	44.78	43.9	44.03	✓
Absenteeism rate	—	6.62	6.1	6.06	✓
Accident rates FCC Group (own personnel + subcontracted personnel)	—	—	—	—	
Frequency rate	—	23.2	23.69	22.8	✓
Severity rate	—	0.78	0.68	0.65	✓
Incidence rate of occupational accidents	—	42.86	43.23	42.67	✓
Absenteeism rate	—	5.86	5.36	5.23	✓
Deaths caused by occupational accidents	—	—	—	—	
FCC Group Total (own personnel + subcontracted personnel)	No.	4	7	9	✓
Own personnel	No.	1	3	6	✓
Subcontracted personnel	No.	3	4	3	✓

This report was approved by the Board of Directors in the meeting held on the 4 May 2016.

X. Independent Review Report

KPMG

KPMG Asesores S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Assurance Report for Fomento de Construcciones y Contratas, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

In accordance with our engagement letter, Fomento de Construcciones y Contratas S.A. (hereinafter FCC) management has requested that we provide limited assurance on the non-financial information contained in the Corporate Social Responsibility Report of Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2015 (hereinafter "the Report"). The information reviewed corresponds to the contents marked as external assurance in the section of the Report entitled "FCC Group 2015 performance indicators".

FCC management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Construction and Real Estate Sector Disclosures of the Global Reporting Initiative as described in point G4-32 of the GRI Content index of the Report and in accordance with Materiality Disclosure Service, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the Report; for determining FCC's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance review on the preparation and presentation of the other indicators within the review scope, and to express a conclusion based on the work performed, referring exclusively to the information corresponding to 2015. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of FCC´s processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business of FCC.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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- Evaluation through interviews concerning the consistency of the description of the application of FCC´s policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing General Standard Disclosures with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the Global Reporting Initiative's G4 Sustainability Reporting Guidelines requirements for the preparation of reports in accordance with comprehensive option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of FCC.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that Corporate Social Responsibility Report of Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2015, have not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Construction and Real Estate Sector Disclosures of the Global Reporting Initiative as described in point G4-32 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Under separate cover, we will provide FCC management with an internal report outlining our complete findings and areas for improvement.

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for FCC in relation to its Corporate Social Responsibility Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

27 May 2016



14 Executive Personnel

A-7 Mediterranean Motorway. Section: Carchuna – Castell de Ferro (Granada, Spain).

Executive Personnel

Position	
Chairwoman of the Board of Directors	Ms Esther Alcocer Koplowitz
CEO	Mr Carlos M. Jarque
General Secretary	Mr Felipe B. García Pérez
• Head of Legal Services	Mr José Cerro Redondo
Corporate Manager for Administration and Finance	Mr Miguel Martínez Parra
• Corporate Manager for Administration	Mr Juan José Drago Masià
• Corporate Manager for Finance	Mr Víctor Pastor Fernández
Communication and CSR Manager	Mr Julio Pastor Bayón
Chaiman of FCC Construcción	Mr Miguel Jurado Fernández
Chairman of FCC Medio Ambiente	Mr Agustín García Gila
General Manager of FCC Aqualia	Mr Félix Parra Mediavilla
Chairwoman of the Board of Directors of Cementos Portland Valderrivas	Ms Alicia Alcocer Koplowitz
CEO of Cementos Portland Valderrivas	Mr Gerardo Kuri Kaufmann



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