Policy on relationships with partners in relation to compliance

30th July 2019

Contents

0. VERSIONS

Version	Date	Amendments
01	June/2018	Initial Version.
02	July/2019	Section 3.2 a) i) Majority ownership interest

1. OBJECTIVE AND SCOPE OF APPLICATION

The objective of this policy, which is applicable to and mandatory for companies that form part of the FCC Group or that are investees thereof (hereinafter the Group or FCC), is to establish homogeneous principles and criteria to be followed with regards to the communication, acceptance and implementation of the compliance mechanisms established in the FCC Group's Crime Prevention Model, in all relationships with business partners (companies, special purpose entities, part government-owned entities, "UTEs" (Unión Temporal de Empresas – a form of temporary business association) and consortiums).

2. PRIOR CONSIDERATIONS

The application of the principles and criteria described in the following section will depend on the percentage ownership interest and/or control that FCC has in the companies, which may be;

- Majority (over 50%),
- Equal (50%),
- Minority (below 50%).

3. GUIDING PRINCIPLES

In order to guarantee the reliability and transparency of compliance in the relationships and activities carried out with business partners, the following principles of action must be considered imperative and mandatory, and must be formally supported, documented and filed.

1. **Due Diligence of the potential partner with regard to compliance**. Prior to the establishment of a formal relationship with a potential partner and, without prejudice to the analysis of financial and operational risks carried out to evaluate the reliability of this partner (performed either by the Risk area or by the corresponding Technical Area), evaluating the partner in the area of compliance will be a fundamental requirement. The Due Diligence will be adjusted in length and detail to the entity (materiality), the operation and its type, and particularly to its financing structure, where necessary (adapting to the compliance requirements of the potential financing entities). This evaluation can be carried out through internal or even external means and should consider, among other variables, the ethical track record of the partner, its Group and the executives, the degree of compliance of this organisation with anti-corruption or anti-money laundering regulations, the media impact of unlawful activities or ethical principles, etc.
2. **Obligation to implement compliance requirements** in the management of operations. Upon incorporation of the company, UTE, consortium, joint venture and/or agreement between both parties, FCC will be required to carry out all the necessary procedures to guarantee that both parties are aligned and committed to the ethical principles and behaviour established in the Code of Ethics and Conduct of the FCC Group and the Crime Prevention Model. As a

result, and depending on the percentage ownership interest that the group has, the mechanism of action will be as follows:

a. **Special-purpose entities, UTEs, consortiums.**

   i. **Majority ownership interest (over 50%).** Whenever possible, the partner will be required, through formalization and written approval, to follow the guiding principles of the Code of Ethics and Conduct, the Whistle-blowing Channel and the Crime Prevention Manual of the FCC Group.

   ii. **Equal or minority ownership interest.** In such cases, the partner will be asked to adhere to FCC's Code of Ethics and Conduct and the Crime Prevention Manual. If this option is rejected, each party must formally accept compliance with its own internal compliance regulations, signing an "indemnity agreement" in order to ensure that the relationship establishes mechanisms for robust compliance.

b. **Companies**

   i. **Companies controlled by FCC (consolidated in FCC's accounts).** FCC's Code of Ethics and Conduct and the Crime Prevention Manual will be implemented.

   ii. **Companies not controlled.** The directors of FCC will propose that the managing body approve a Code of Ethics that includes principles similar to those established in FCC's Code of Ethics and Conduct as well as a Crime Prevention Manual. The proposal of this control and compliance mechanism does not mean that it will be accepted by the Company's board, but its proposal must be recorded in the minutes as evidence of FCC's interest in following principles of ethical behaviour in the performance of its business activities.

c. **Part government-owned entities.**

   i. **Proposed Compliance Model.** In the case of part government-owned entities and given the particular characteristics of association with a public entity, regardless of the percentage ownership interest therein, the mechanisms for implementing an ethical and compliance culture in the relationship will be to propose to the Board of the company, upon incorporation, that the Compliance Model of the FCC Group, composed of the Code of Ethics and Conduct and the Crime Prevention Manual be adopted. The proposal of this control and compliance mechanism does not mean that it will be accepted by the Company's board, but its proposal must be recorded in the minutes as evidence of FCC's interest in following principles of ethical behaviour in the performance of its business activities.

   ii. **Ethical behaviour of FCC's directors in part government-controlled entities** Given the special characteristics of the relationships existing within part government-owned entities and regardless of whether FCC's Compliance Model is approved by the company's board of directors (supported by the Code of Ethics and Conduct and the Crime Prevention Manual), the behaviour of the FCC directors who form part of the board of the part government-controlled entities must be fully aligned with the principles of behaviour defined in the Code of Ethics and Conduct of the Group and, in all cases, avoid compromising the integrity and image of the Group through unethical actions or decisions.

4. IMPLEMENTATION

The FCC Group has several mechanisms for ensuring proper implementation of the policy on relationships with partners with respect to compliance, as well as to prevent, detect and respond to cases of non-compliance, including:

- **Compliance Committee**, which will ensure the proper functioning of the Crime Prevention Model, monitoring the applicable regulations, the risks and the effectiveness of the controls, as well as fostering a compliance culture.
- **Code of Ethics and Conduct** made available to all Group employees, which includes the principles and rules of conduct applicable that are mandatory for all employees of the FCC Group.
- **Whistle-blowing Channel** at corporate level. Managed by the Corporate Compliance Officer and the Compliance Committee, through which employees can channel or report possible breaches of the Code of Ethics and Conduct or the Compliance Model itself.
- **Policies and procedures.** Which will establish the activities aimed at guaranteeing that the operations carried out with partners are safeguarded by the compliance models implemented.
- **Manifestation of acceptance**. The Group will periodically require all its employees to formally state that they have knowledge of and comply with the principles established in the Code of Ethics and Conduct of FCC and the Anti-Corruption Policy and will provide the necessary training for employees to understand and comply with both.