

TO: THE ENTIRE ORGANIZATION

FROM: CHAIRMAN – CEO - Mr. Baldomero Falcones

C.C.:

Date: May 23, 2011

Number:

Subject: CREATION OF THE FCC INNOVATION COMMITTEE.

On 4 April 2011, FCC's Management Committee approved the creation of the FCC Group Innovation Committee.

Within the FCC Group, promoting R&D and Innovation (RDI) is a key part of the Group's strategic direction and is important to the future competitiveness of all FCC businesses. To that end, it is vital to achieve greater efficiency in the results of RDI activity, and it is necessary to coordinate and manage this activity on a centralised basis within the Group as well as to systematise this activity in line with the UNE 166002 standard.

The creation of an Innovation Committee to coordinate this area within the FCC Group will make it possible to: (i) have continuous free-flowing communication between all business areas, (ii) establish common Group-wide guidelines and objectives, (iii) enhance coordination between the areas in order to improve efficiency, (iv) take advantage of synergies, and (v) drive the conversion of innovative ideas into projects and finished products to help differentiate the FCC Group from its rivals.

Selected projects will be referred to the Management Committee for a final decision.

Mission:

The Innovation Committee will be in charge of coordinating innovation within the FCC Group. It will be composed of representatives of management from across the Group, and its main task will consist of aligning innovation activities with corporate strategy and the establishment of areas of research. It will operate in the following areas listed below.

Functions:

- Examination, analysis and approval of the Strategic Areas of RDI proposed by each business area or by the Committee itself. This will ensure effective coordination between the strategic areas of research and the various business units that may be affected.
- Examination, analysis and approval of RDI projects suggested by the business units, considering the strategic and competitive advantages that may arise from the success of the project and the expected ROI.
- Examination, analysis and approval of actions for legal and patent protection of RDI projects implemented by the business units.

- It may propose that the Management Committee approves new strategic activities arising from research projects or from the knowledge and Intellectual Property they generate.
- Systematic review of the entire research process to ensure continuous, sustained, long term improvement.
- Regular monitoring of projects being implemented and coordination of collaboration between different business areas involved in a given project.
- Where there is an RDI budget within the Group, the Innovation Committee will define the criteria for selecting and prioritising projects to finance.
- Drafting of its own rules, and establishing thresholds below which it may delegate its functions to the business areas.

Members

- Mr. Francisco Esteban Lefler (Construction)
- Mr. Alfonso Garcia García (Environment)
- Mr. Pedro Luis Rodríguez Medina (Aqualia)
- Mr. Francisco Javier Gil-Casares Armada (Legal)
- Mr. José Ignacio Elorrieta Pérez de Diego (CPV)
- Mr. Carlos Urcelay (Energy)
- Mr. Antonio Gómez Ciria (Administration and IT)
- Mr. Enrique Unamunzaga Guisasola (Administration and IT)

The Innovation Committee will be chaired by the General Director of Administration and IT, Mr. Antonio Gómez Ciria; its secretary will be the FCC Group Innovation Manager, Mr. Enrique Unamunzaga Guisasola.

I would be grateful if the entire organisation would give the Committee their utmost cooperation in the tasks that it will be undertaking, since its functions are among our Group's strategic objectives.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'BFu', with a horizontal line underneath.

Baldomero Falcones Jaquotot