Auditor's Report on ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year ended December 31, 2020)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of ACS, Actividades de Construcción y Servicios, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of ACS, Actividades de Construcción y Servicios, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at December 31, 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts See notes 03.16, 12 and 27 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
A significant portion of the ACS Group's revenue relates to construction contracts and industrial services contracts, in which revenue is recognised using the percentage of completion method or the stage of completion of the contract. The recognition of revenue and the gain/loss on these contracts therefore entails a high level of judgement by management and the Directors, and control of the estimates made and any deviations that might arise over the contract term. The estimates take into account all costs and revenue associated with the contracts, including any additional costs not initially budgeted, any risks or claims being disputed, and any revenue under negotiation with or being claimed from the customer. The Group recognises revenue related to amounts being claimed, negotiated or disputed with customers at the amount which it is considered highly probable will not be subject to significant reversal once the inherent uncertainty is resolved, either because customer approval has been obtained or because there are supporting technical and/or legal reports. Due to the uncertainty associated with these estimates and the fact that changes therein could lead to material differences in the revenue recorded, this has been considered a key audit matter.	Our audit procedures included, among others, the following: – Evaluating the design and implementation of the key controls associated with the process of recognising revenue using the percentage of completion method. – Selecting a random sample of construction and industrial services contracts based on certain quantitative and qualitative criteria, so as to evaluate the most significant and complex estimates used in the recognition of revenue. We obtained documentation supporting these estimates and, where applicable, evidence of any judgements made by management and the Directors. – Conducting a comparative analysis of gain/loss on completed contracts with the budgeted gain/loss. – Analysing the key clauses of a selection of contracts, identifying relevant contractual mechanisms, such as penalties, and assessing whether or not such clauses have been appropriately reflected in the amounts recognised in the consolidated annual accounts. – Assessing the reasonableness and the judgement applied by management and the Directors in evaluating the work completed and pending certification, awaiting approval by the customer, recognised as revenue at year end, and for a sample of such works analysing the status of negotiations with customers of the main contracts and evaluating the reasonableness and consistency of the documentation

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Recognition of revenue from long-term contracts
See notes 03.16, 12 and 27 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
	underpinning the probability of recovery, considering our own expectations based on knowledge of the client and our experience in the sector and in the countries in which the Group operates. – Assessing whether the provisions recognised at year end in relation to each of the contracts reasonably reflect the main obligations and the level of risk of the contracts, evaluating the judgement applied by management and the Directors in these estimates. – Visiting some of the work sites, carrying out on-site inspections of the stage of completion of the projects and identifying possible areas of risk through observation, analysis of documentation and discussions with on-site personnel. – Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Recoverability of deferred tax assets See notes 03.19 and 26.05 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At December 31, 2020, deferred tax assets in the consolidated statement of financial position include Euros 652 million in respect of tax credits (tax losses and deductions) of the Spanish tax group. The recognition of deferred tax assets entails a high level of judgement by management and the Directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities. Due to the significance of these balances of deferred tax assets and the uncertainty associated with their recovery, this has been considered a key audit matter.	Our audit procedures included, among others, the following: - Assessing the design and implementation of the controls over the recognition and measurement of deferred tax assets. - Assessing the key assumptions used to estimate the Group's future taxable profits. - Comparing these key assumptions with data from external sources, such as economic forecasts, and the Group's historical data. - Bringing in our tax specialists to perform an assessment of the tax planning strategies and to assess the appropriateness of the Group's approach in circumstances in which the tax treatment may be uncertain. - Evaluating the sufficiency of future taxable profits to offset deferred tax assets, considering the time limit established for such offset and as well as their consistency with the financial reporting framework applicable to the Group. - Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Valuation of the investment in ABERTIS See note 09 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At December 31, 2020 the Group holds an equity-accounted investment in Abertis Holdco, S.A. which is recognised under "Investments accounted for using the equity method" in the consolidated statement of financial position in an amount of Euros 2,868,396 thousand. As required under the applicable financial reporting framework, once the investment has been accounted for using the equity method, the Group assesses whether there is objective evidence that its net investment in the associate may be impaired. Where there is objective evidence of impairment, the Group calculates the recoverable amount. The recoverable amount is calculated by applying measurement techniques that often require the exercising of judgement by the Directors and management, as well as the use of assumptions and estimates. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the investment, we have considered the measurement thereof a key audit matter.	Our audit procedures included, among others, the following: - Evaluating the design and implementation of key controls related to process of estimating the recoverable amount. - Assessing whether there is evidence that the investment may be impaired, for the purpose of determining whether the carrying amount exceeds the recoverable amount. - Evaluating the reasonableness of the methodology, assumptions and data used by management and the Directors when estimating the recoverable amount of the investment in Abertis Holdco, S.A., with the involvement of our valuation specialists, and analysing the sensitivity of this amount to changes in the key assumptions, in order to determine the impact thereof on the measurement. - Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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Accounting treatment of the sale of 50% of Thiess See notes 02.01, 02.02.f), 09.01, 22 and 29 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*

In 2020, the subsidiary CIMIC reached an agreement with funds advised by Elliot for the sale of 50% of the equity investment held by CIMIC in Thiess, a subgroup engaged in the mining business, while retaining the remaining 50%. A pre-tax gain of Euros 1,111 million was generated on this transaction.
 	
Having evaluated the economic substance and accounting treatment of this transaction, Group management has determined that:
 	
- CIMIC has lost control of Thiess under the terms of IFRS 10, and the sale transaction has therefore been recognised in the accounting records at December 31, 2020.
- The 50% interest in Thiess retained by CIMIC is a joint venture, and the Thiess subgroup is thus accounted for using the equity method at December 31, 2020.
 	
The agreements reached by CIMIC and Elliot are complex and require management to make judgements and assessments to determine whether the transaction resulted in the loss of control under the terms of IFRS 10, and how to recognise the retained 50% interest at December 31, 2020.
 	
Due to the complexity and significance of the transaction, recognition thereof has been considered a key audit matter.
	Our audit procedures included, among others, the following:
	
	- Analysing the sale-purchase agreement and the shareholders' agreement for the purpose of understanding the terms and conditions of the transaction.
	- Obtaining and analysing the report issued by an external expert regarding how the transaction was to be recognised.
	- Analysing whether or not CIMIC has control of Thiess at December 31, 2020, as well as the recognition of the 50% interest retained by CIMIC in Thiess, assessing:
	  - whether CIMIC has the ability to unilaterally manage the relevant activities that affect the future returns on the investment and the implications arising from the shareholder decision-making rights stipulated in the shareholders' agreement; and
	  - whether the minimum dividend payout stipulated in the shareholders' agreement and Elliott's put option provide contradictory evidence with respect to CIMIC's accounting treatment of the transaction.
	- Analysing the measurement of Elliott's put option.
	- Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<tr><th colspan="2">Consolidation of BICC and classification as a discontinued operation
See notes 02.01, 03.09 and 32 to the consolidated annual accounts</th></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As indicated in note 02.01, the ACS Group held a 45% interest in BICC Contracting LLC (BICC), which until 2019 was accounted for using the equity method in the consolidated annual accounts, on considering that significant influence existed, but not control, among other reasons, as the call option for the purchase of the remaining 55% of BICC was not deemed to embody a substantial right, in view of the legal limitations on purchases of companies in the United Arab Emirates. In 2020, at the request of the Spanish securities market supervisor (CNMV), which required the Group to retrospectively change the method used to recognise its investment in BICC, the ACS Group fully consolidated its stake in BICC and restated the comparative figures, in accordance with IAS 8.

The identification and measurement of the assets acquired and liabilities assumed from BICC at the date control was taken, and variations therein up to December 31, 2020, is a complex process that requires judgements and estimates on the part of management.

On February 15, 2021 the ACS Group reported that it had signed an agreement with a third party outside the Group for the sale of its investment in BICC. Thus, at December 31, 2020 BICC has been classified as a non-current asset held for sale and a discontinued operation.

Due to the complexity of the identification and measurement of the assets and liabilities of BICC, and to the judgement required of management when classifying and presenting this investment as a non-current asset held for sale and a discontinued operation at December 31, 2020, this has been considered a key audit matter.</td><td>Our audit procedures included, among others, the following:

- Understanding the judgements and assumptions applied by management in relation to the change in the method used to account for BICC in the consolidated annual accounts.

- Analysing the consolidation process carried out by the Group with respect to BICC at January 1, 2019; December 31, 2019 and December 31, 2020. This entailed communication with and involvement in the work performed by the component's auditor.

- Analysing the identification and measurement of the assets acquired and liabilities assumed from BICC, carried out in accordance with IFRS 3.

- Assessing whether the assets and liabilities of BICC are presented appropriately at January 1, 2019 and at the subsequent reporting dates in the ACS Group's consolidated annual accounts.

- Evaluating whether the classification of BICC as a non-current asset held for sale and a discontinued operation qualifies for such accounting treatment in accordance with IFRS 5.

- Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</td></tr>
</table>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

– Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe those matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated March 31, 2021.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on May 10, 2019 for a period of three years, from the year ended December 31, 2019.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(*Signed on original in Spanish*)

Manuel Martín Barbón
On the Spanish Official Register of Auditors ("ROAC") with No. 16239

31 March 2021

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Consolidated Annual Accounts for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Consolidated Directors' Report

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ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

ASSETS	Note	Thousands of Euros		
		31/12/2020	31/12/2019	01/01/2019
			(*)	(*)
NON-CURRENT ASSETS		**13,018,795**	**14,544,433**	**14,820,301**
Intangible assets	04	**3,659,179**	**4,183,359**	**4,898,265**
Goodwill		2,863,053	3,237,450	3,934,887
Other intangible assets		796,126	945,909	963,378
Tangible assets - property, plant and equipment	05	**1,764,077**	**2,679,487**	**2,480,533**
Non-current assets in projects	06	**406,151**	**169,210**	**189,406**
Investment property	07	**42,298**	**41,595**	**74,674**
Investments accounted for using the equity method	09	**4,479,551**	**4,411,440**	**4,721,050**
Non-current financial assets	10	**760,556**	**945,316**	**881,251**
Long term deposits	10	**283**	**283**	**230**
Derivative financial instruments	22	**17,847**	**7,401**	**63,495**
Deferred tax assets	26.05	**1,888,853**	**2,106,342**	**1,511,397**
CURRENT ASSETS		**24,314,925**	**25,150,779**	**22,304,098**
Inventories	11	**715,241**	**916,316**	**872,039**
Trade and other receivables	12	**10,498,289**	**12,396,603**	**11,656,144**
Trade receivables for sales and services	10	8,500,244	10,489,423	9,614,961
Other receivable	10	1,762,431	1,757,375	1,710,048
Current tax assets	26	235,614	149,805	331,135
Other current financial assets	10	**1,354,982**	**1,339,029**	**1,463,855**
Derivative financial instruments	22	**251,316**	**11,259**	**53,190**
Other current assets	13	**233,154**	**245,617**	**210,206**
Cash and cash equivalents	10 and 14	**8,080,808**	**8,130,984**	**7,014,755**
Non-current assets held for sale and discontinued operations	03.09	**3,181,135**	**2,110,971**	**1,033,909**
TOTAL ASSETS		**37,333,720**	**39,695,212**	**37,124,399**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at December 31, 2020.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

EQUITY AND LIABILITIES	Note	Thousands of Euros		
		31/12/2020	31/12/2019	01/01/2019
			(*)	(*)
EQUITY	15	**4,275,907**	**5,505,968**	**5,872,728**
SHAREHOLDERS' EQUITY		**4,197,251**	**4,777,463**	**4,646,578**
Share capital		**155,332**	**157,332**	**157,332**
Share premium		**495,226**	**897,294**	**897,294**
Reserves		**3,608,699**	**3,163,352**	**3,813,457**
(Treasury shares and equity interests)		**(636,011)**	**(402,542)**	**(221,505)**
Profit for the period of the parent		**574,005**	**962,027**	**—**
ADJUSTMENTS FOR CHANGES IN VALUE		**(668,772)**	**(356,377)**	**(297,834)**
Financial assets with changes in other comprehensive income		**(27,547)**	**(20,789)**	**(33,424)**
Hedging instruments		**(159,383)**	**(166,833)**	**(58,767)**
Translation differences		**(481,842)**	**(168,755)**	**(205,643)**
EQUITY ATTRIBUTED TO THE PARENT		**3,528,479**	**4,421,086**	**4,348,744**
NON-CONTROLLING INTERESTS		**747,428**	**1,084,882**	**1,523,984**
NON-CURRENT LIABILITIES		**10,605,990**	**9,533,296**	**9,550,282**
Grants	16	**3,485**	**2,697**	**3,227**
Non-current provisions	20	**1,276,375**	**1,380,215**	**1,710,519**
Non-current financial liabilities		**8,370,036**	**6,839,189**	**6,561,439**
Bank borrowings, debt instruments and other marketable securities	17	8,179,726	6,556,062	6,325,269
Project finance with limited recourse	18	73,318	122,496	100,678
Other financial liabilities	19	116,992	160,631	135,492
Long term lease liabilities	05	**472,836**	**686,944**	**694,873**
Derivative financial instruments	22	**49,791**	**72,239**	**45,051**
Deferred tax liabilities	26.05	**320,488**	**383,121**	**380,456**
Other non-current liabilities		**112,979**	**168,891**	**154,717**
CURRENT LIABILITIES		**22,451,823**	**24,655,948**	**21,701,389**
Current provisions	20	**921,378**	**1,326,333**	**1,092,902**
Current financial liabilities		**2,885,808**	**3,650,511**	**2,482,565**
Bank borrowings, debt instruments and other marketable securities	17	2,781,175	3,469,936	2,399,580
Project finance with limited recourse	18	16,123	18,502	16,078
Other financial liabilities	19	88,510	162,073	66,907
Short term lease liabilities	05	**192,173**	**321,251**	**306,673**
Derivative financial instruments	22	**155,460**	**28,381**	**81,967**
Trade and other payables	23	**15,824,034**	**17,586,450**	**16,742,406**
Suppliers		8,619,276	10,503,990	9,971,886
Other payables		6,983,515	6,910,528	6,653,124
Current tax liabilities	26	221,243	171,932	117,396
Other current liabilities	24	**226,888**	**555,968**	**458,279**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**2,246,082**	**1,187,054**	**536,597**
TOTAL EQUITY AND LIABILITIES		**37,333,720**	**39,695,212**	**37,124,399**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at December 31, 2020.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Thousands of Euros	
		2020	2019
			(*)
REVENUE	27	**34,937,356**	**39,048,873**
Changes in inventories of finished goods and work in progress		(346)	15,718
Capitalised expenses of in-house work on assets	27	5,896	4,212
Procurements	28.01	(23,615,898)	(25,752,669)
Other operating income	27	377,976	323,184
Personal expenses	28.02	(8,126,212)	(8,394,427)
Other operating expenses		(2,479,520)	(2,698,874)
Depreciation and amortisation	04,05,06 and 07	(968,315)	(969,714)
Allocation of grants relating to non-financial assets and others	16	545	909
Impairment and gains on the disposal of non-current assets	29	1,091,886	296,085
Other results		(10,864)	(80,589)
Ordinary results of companies accounted for using the equity method	09	196,902	553,310
Financial income		150,736	187,638
Financial costs	28.05	(422,515)	(497,202)
Changes in the fair value of financial instruments	22 and 28.04	77,635	30,075
Exchange differences		(51,194)	4,197
Impairment and gains or losses on the disposal of financial instruments	29	108,622	3,627
Non-ordinary results of companies accounted for using the equity method	09	10,712	4,555
PROFIT BEFORE TAX		**1,283,402**	**2,078,908**
Income tax	26.03	(387,352)	(408,592)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**896,050**	**1,670,316**
Profit after tax from discontinued operations	03.09	32,440	(880,727)
PROFIT FOR THE PERIOD		**928,490**	**789,589**
(Profit) / loss attributed to non-controlling interests	15.07	(322,045)	(466,862)
(Profit) / loss from discontinued operations attributable to non-controlling interests	15.07	(32,440)	639,300
PROFIT ATTRIBUTABLE TO THE PARENT		**574,005**	**962,027**

EARNINGS PER SHARE	Note	Euros per share	
		2020	2019
Basic earnings per share	31	1.95	3.13
Diluted earnings per share	31	1.95	3.13
Basic earnings per share from discontinued operations	31	—	(0.79)
Basic earnings per share from continuing operations	31	1.95	3.91
Diluted earnings per share from discontinued operations	31	—	(0.79)
Diluted earnings per share from continuing operations	31	1.95	3.91

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated income statement for the year ended December 31, 2020.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	Thousands of Euros	
	2020	**2019 (*)**
(A) CONSOLIDATED RESULTS FOR THE YEAR (from the income statement)	**928,490**	**789,589**
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	**(28,968)**	**(35,938)**
For actuarial gains and losses	(38,747)	(36,924)
Tax effect (Note 26.04)	9,779	986
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	**(506,982)**	**(1,819)**
1. Hedging transactions:	**19,601**	**(46,917)**
Valuation gains/(losses)	4,863	(57,164)
Amounts transferred to the profit and loss account	14,738	10,247
2. Conversion differences:	**(318,630)**	**69,158**
Valuation gains/(losses)	(345,795)	69,187
Amounts transferred to the profit and loss account	27,165	(29)
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	**(200,082)**	**(66,119)**
Valuation gains/(losses)	(200,082)	(66,119)
4. Debt instruments at fair value with changes in other comprehensive income	—	—
5. Other income and expenses that may be reclassified after the result of the period:	**(12,775)**	**29,324**
Valuation gains/(losses)	(12,775)	29,324
6. Tax effect (Note 26.04)	**4,904**	**12,735**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A + B + C)	**392,540**	**751,832**
Attributed to the controlling entity	246,907	885,797
Attributed to non-controlling interests	145,633	(133,965)

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended December 31, 2020.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Thousands of Euros							
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/ (Loss) attributed to the Parent	Non-controlling interests	TOTAL
Balance at December 31, 2018	**157,332**	**897,294**	**2,897,879**	**(221,505)**	**(292,027)**	**915,578**	**1,636,105**	**5,990,656**
BICC global consolidation restatement (see Note 02.01)	—	—	—	—	(5,807)	—	(112,121)	**(117,928)**
Balance at January 01, 2019 (*)	**157,332**	**897,294**	**2,897,879**	**(221,505)**	**(297,834)**	**915,578**	**1,523,984**	**5,872,728**
Income / (expenses) recognised in equity	—	—	(17,687)	—	(58,543)	962,027	(133,965)	**751,832**
Capital increases / (reductions) (Note 15)	5,401	—	(5,401)	—	—	—	—	**—**
Stock options	—	—	4,471	—	—	—	—	**4,471**
Distribution of profit from the prior year:								
To reserves	—	—	915,578	—	—	(915,578)	—	**—**
Acquisition of free allocation rights against 2018 (Note 15)	—	—	(141,599)	—	—	—	—	**(141,599)**
Remaining allotment rights from 2018 accounts (Note 15)	—	—	104,723	—	—	—	—	**104,723**
Acquisition of additional free allocation rights 2018 (Note 15)	—	—	(456,264)	—	—	—	—	**(456,264)**
Remaining allotment rights from 2018 accounts (Note 15)	—	—	298,330	—	—	—	—	**298,330**
To dividends	—	—	—	—	—	—	(290,634)	**(290,634)**
Treasury shares (Note 15.04)	(5,401)	—	(383,662)	(181,037)	—	—	—	**(570,100)**
Treasury shares through investees	—	—	744	—	—	—	731	**1,475**
Change in the scope of consolidation and other effects of a lesser amount	—	—	(53,760)	—	—	—	(15,234)	**(68,994)**
Balance at December 31, 2019 (*)	**157,332**	**897,294**	**3,163,352**	**(402,542)**	**(356,377)**	**962,027**	**1,084,882**	**5,505,968**
Income / (expenses) recognised in equity	—	—	(14,703)	—	(312,395)	574,005	145,633	**392,540**
Capital increases (Note 15)	7,138	—	(7,138)	—	—	—	—	**—**
Capital reductions (Note 15)	(2,000)	—	2,000	—	—	—	—	**—**
Stock options	—	—	4,471	—	—	—	—	**4,471**
Distribution of profit from the prior year:								
To reserves	—	—	962,027	—	—	(962,027)	—	**—**
Acquisition of free allocation rights against 2019 (Note 15)	—	—	(141,284)	—	—	—	—	**(141,284)**
Remaining allotment rights from 2019 accounts (Note 15)	—	—	92,723	—	—	—	—	**92,723**
Acquisition of additional free allocation rights 2019 (Note 15)	—	—	(484,583)	—	—	—	—	**(484,583)**
Remaining allotment rights from 2019 accounts (Note 15)	—	—	287,464	—	—	—	—	**287,464**
To dividends	—	—	—	—	—	—	(248,819)	**(248,819)**
Treasury shares (Note 15.04)	(7,138)	(402,068)	(95,544)	(233,469)	—	—	—	**(738,219)**
Treasury shares through investees	—	—	(64,893)	—	—	—	(103,160)	**(168,053)**
Changes in the ownership interest in controlled entities	—	—	(111,854)	—	—	—	(161,160)	**(273,014)**
Change in the scope of consolidation and other effects of a lesser amount	—	—	16,661	—	—	—	30,052	**46,713**
Balance at December 31, 2020	**155,332**	**495,226**	**3,608,699**	**(636,011)**	**(668,772)**	**574,005**	**747,428**	**4,275,907**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2020.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

		Note	Thousands of Euros	
			2020	2019
				(*)
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**1,141,688**	**1,893,923**
1	**Profit before tax**		**1,283,402**	**2,078,908**
2	**Adjustments for:**		**476,358**	**280,630**
	Depreciation and amortisation		968,315	969,714
	Other adjustments to profit (net)	03.23	(491,957)	(689,084)
3	**Changes in working capital**		**(704,399)**	**(560,392)**
4	**Other cash flows from operating activities:**		**86,327**	**94,777**
	Interest paid	17, 18 and 19	(424,990)	(498,598)
	Dividends received		739,532	632,917
	Interest received	03.23	133,527	168,624
	Income tax (paid) / received	26	(361,742)	(208,166)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**	04, 05, 06 and 07	**292,311**	**(1,466,637)**
1	**Investment paid:**		**(1,704,176)**	**(1,897,091)**
	Group companies, associates and business units		(486,643)	(226,745)
	Property, plant and equipment, intangible assets, projects and property investments		(876,461)	(1,164,786)
	Other financial assets		(341,543)	(502,457)
	Other assets		471	(3,103)
2	**Divestment:**	03, 04, 05, 06, 07 and 09	**1,996,487**	**430,454**
	Group companies, associates and business units		1,571,201	220,934
	Property, plant and equipment, intangible assets, projects and investment property		59,867	84,474
	Other financial assets		362,671	114,493
	Other assets		2,748	10,553
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**		**(1,059,358)**	**566,852**
1	**Equity instrument proceeds / (and payment):**	02.02.f and 15	**(1,173,323)**	**(593,040)**
	Acquisition		(1,193,042)	(610,441)
	Disposal		19,719	17,401
2	**Liability instrument proceeds / (and payment):**	17, 18 and 19	**1,904,473**	**2,071,770**
	Issue		7,785,734	6,434,556
	Refund and repayment		(5,881,261)	(4,362,786)
3	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(490,115)**	**(485,607)**
4	**Other cash flows from financing activities:**		**(1,300,393)**	**(426,271)**
	Payment of operating lease principal		(379,716)	(386,553)
	Other financing activity proceeds and payables	03.23	(920,677)	(39,718)
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**(424,817)**	**122,091**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**(50,176)**	**1,116,229**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**		**8,130,984**	**7,014,755**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**		**8,080,808**	**8,130,984**

1. CASH FLOWS FROM OPERATING ACTIVITIES		(31,765)	(484,787)
2. CASH FLOWS FROM INVESTING ACTIVITIES		(1,200)	(142,557)
3. CASH FLOWS FROM FINANCING ACTIVITIES		(4,947)	619,231
NET CASH FLOWS FROM DISCONTINUED OPERATIONS		**(37,912)**	**(8,113)**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and banks		6,779,266	6,329,374
Other financial assets		1,301,542	1,801,610
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**8,080,808**	**8,130,984**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended December 31, 2020.

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts for the year ended December 31, 2020

01. Group Activity

ACS, Actividades de Construcción y Servicios, S.A., the Parent Company, is public limited company incorporated in Spain in accordance with the Spanish Public Limited Liability Companies Law and its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the transactions it directly carries out, ACS, Actividades de Construcción y Servicios, S.A. is head of a group of subsidiaries with a diverse number of activities, among them construction (both civil construction and building), industrial services (both industry support services and integrated projects), services (for individuals and buildings, city and surroundings) and concessions and which make up (along with the company) the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual annual accounts, the Group's Consolidated Annual Accounts, which also include interests in joint agreements and investments in associates.

In accordance with its corporate purpose, the business activities of ACS, Actividades de Construcción y Servicios, S.A., the Parent Company of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, as well as the provision of services, for the conservation, maintenance and operation of highways, freeways, roads and, in general any type of public or private ways and any other type of works, as well as any kind of industrial, commercial and financial actions and operations which bear a direct or indirect relationship thereto.

2. The promotion, construction, restoration and sale of housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either alone or through third parties. The conservation and maintenance of works, facilities and services, whether urban or industrial.

3. The management and execution of all manner of works, facilities, assemblies and maintenance related to production plants and lines, electric power transmission and distribution, substations, transformation, interconnection and switching centers, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering - either directly remotely - for industries and buildings as well as those suited to the above listed, facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of, facilities related to the production, transmission, distribution, upkeep, recovery and use of electric energy in all its stages and systems, as well as the operation repair, replacement and upkeep of the components thereof. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerization and rationalization of all kinds of energy consumption.

4. The management and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signaling and S.O.S. communications, civil protection, defense and traffic, voice and data transmission and use, measurements and signals, as well as propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.

5. The management and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channeling, distribution, use, metering and maintenance of any other kind of energy and energy products, as well as of any other energy that may be used in the future, including the supply of special equipment and the elements required for installation and assembly and materials of all kinds.

6. The management and execution of all manner of works, assemblies, facilities and maintenance of hydroelectric works to use, store, raise, drive or distribute water and its piping, transport and distribution, including water and gas treatment facilities.

7. The management and execution of all manner of works, assemblies, facilities and maintenance for using, transporting, channeling and distributing combustible gases and liquid and solid gases for all kinds of uses.

8. The management and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.

9. The management and execution of all manner of works, facilities, assemblies and maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships and underwater works and sale of aquatic and sports material.

10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialization related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, electric power plants and lines, transportation networks and electric energy distribution and for telephone and telegraph communications, telecommunication systems, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution and performance of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. The production, sale and use of electricity and of other energy sources and the performance of studies relating thereto and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas. Energy planning and rationalization of the use of energy and combined heat and power generation. The research, development and exploitation of communications and information technologies in all their facets.

11. The manufacture, installation, assembly, construction, supply, maintenance and commercialization of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; as well as metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.

12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, cross ties for railways and barricades and the production and commercialization of antiseptic products and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.

13. The management and execution of reforestation and agricultural and fishery restocking works, as well as the maintenance and improvement thereof. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

14. The manufacture, installation, distribution and any kind of use of all manner of ads and advertising supports. The design, construction, manufacture, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-like, industrial and sanitary waste; the treatment and sale of waste products, as well as the management and operation of waste treatment and transfer plants. Drafting and processing of all manner of environment-related projects.

16. Cleaning services for buildings, constructions and works of any kind, offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilization, disinfection and rodent control. Cleaning, washing, ironing, sorting and transportation of clothing.

17. Furniture assemblies and installations, including tables, shelves, office material and similar or complementary objects.

18. Transportation of all kinds, especially ground transportation of passengers and merchandise and the activities related thereto. The management and operation, as well as provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas and bus or intermodal transportation stations.

19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centers, therapeutic communities and other shelters and rehabilitation centers; medical transportation and accompaniment of the above-mentioned groups; home hospitalization and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine and associated activities.

20. The provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centers, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centers, sporting, social and cultural events, exhibits, international conferences, annual general meetings and owners' association meetings, receptions, press conferences, teaching centers, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, as well as attention and service to neighbors, occupants, visitors and/ or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. The collection and tallying of cash and the preparation, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.

21. The provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centers. Firefighting and prevention services in general, in woodlands, forests, rural farms and industrial and urban facilities.

22. The integral management or operation of public or private educational or teaching centers, as well as surveillance, service, education and control of student bodies or other educational groups.

23. The reading of water, gas and electricity meters, maintenance, repair and replacement thereof, monitoring and transcription of readouts, meter inspection, data acquisition and update and placing warnings. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate and public and private facilities, providing all the controls required for proper upkeep and maintenance thereof, or of the goods deposited or guarded therein.

24. The handling, packaging and distribution of food or consumer products; the processing, flavoring and distribution of food for own consumption or supply to third parties; the servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations involving raw materials, manufactured goods and supplies.

25. The provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stock and the storage of all kinds of merchandise, excluding activities subject to special legislation. The management and operation of places of distribution of merchandise and goods in general and especially perishable products, such as fish auction centers and wholesale and retail markets. Reception, docking, mooring and service connections to boats.

26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages on behalf of its clients.

27. The management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concessionary firm's shareholders and those that have any type of contractual relation to carry out any of the above-listed activities.

28. The acquisition, holding, use, administration and disposal of all manner of own-account securities, excluding activities that special legislation and, in particular, legislation on the stock market exclusively ascribes to other entities.

29. Managing and administering securities representing the equity of companies not resident in Spain, through the related organization of the appropriate material and human resources for this purpose.

30. The preparation of all manner of studies, reports and projects and entering into contracts concerning the activities indicated in this article, as well as supervision, management and consulting in the execution thereof.

31. The occupational training and recycling of people who provide the services described in the preceding points.

02. Basis of presentation of the Consolidated Annual Accounts and basis of consolidation

02.01. Basis of presentation

The Consolidated Annual Accounts of the ACS Group for 2020 were prepared:

- By the directors of the Parent Company, at the Board of Directors' meeting held on March 31, 2021.
- In accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council and subsequent amendments. The consolidation principles, as well as the principal accounting policies and measurement bases applied in preparing the Group's Consolidated Annual Accounts for 2020 are summarized in Notes 2 and 3.
- Taking into account all the mandatory accounting principles and rules and measurement bases with a material effect on the Consolidated Annual Accounts, as well as the alternatives permitted by the relevant legislation in this connection, which are specified in Note 3 (Valuation standards).
- In such a way that they give a true and fair view of the Group's consolidated equity and financial position as at December 31, 2020 and of the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Parent Company and the other Group companies.

Except as indicated below in the section "Changes in accounting estimates and policies and correction of fundamental errors," the consolidation criteria applied in 2020 are consistent with those applied in the 2019 Consolidated Annual Accounts.

Notwithstanding the above, it should be noted that as a result of the current situation caused by the outbreak of Covid-19 and the consequent uncertainty regarding market developments, the relevant accounting estimates and significant judgments made in the preparation of these Consolidated Annual Accounts of the ACS Group are affected by a greater degree of uncertainty. Therefore, the effects on the Consolidated Annual Accounts of the ACS Group have been evaluated and analyzed and are set out below in the following note.

Effects of Covid-19

On March 11, 2020, the World Health Organization declared the Coronavirus Covid-19 outbreak a pandemic due to its rapid spread around the world, affecting more than 150 countries. Most governments are taking restrictive measures to contain the spread, including: isolation, lockdown, quarantining and restrictions on the free movement of people, the closure of public and private premises except for essential services and healthcare facilities, the closure of borders and a drastic reduction of air, sea, rail and road transportation.

This situation is having a substantial impact on the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, reflected in increased volatility of asset prices and exchange rates and a reduction of long-term interest rates.

Finally, it should be emphasized that the Group's administrators and management are constantly monitoring developments in both financial and non-financial areas.

The main impacts caused by the pandemic on ACS Group results during the 2020 financial year were the following:

- The lockdown and mobility restriction measures enacted in most countries in which Abertis operates have resulted in drastic declines in average daily traffic since March, with severe setbacks in the second quarter of the year. Consequently, Abertis's contribution to the Group's EBITDA and to its net profit in 2020 decreased by EUR 349 and EUR 280 million respectively compared to the previous year.
- In Services (Clece), cleaning and maintenance activities of those social infrastructures that ceased their activity in Spain during the state of emergency, such as schools or leisure centers, non-essential facilities and air transport, were significantly reduced. However, the increase in activity in hospital centers and public offices, as well as a gradual recovery in normal activity in the last quarter of the year has balanced out the sales volume. On the other hand, temporary reinforcement in occupational health and safety has led to an increase in operating costs. As a result, the negative impact on EBITDA and net profit was EUR 33 and EUR 21 million, respectively.
- In the remainder of Construction and Industrial Services activities the impact was less profound, with reductions in production and operating results of around 10%.

In order to increase liquidity reserves during the Covid-19 pandemic, the different ACS Group companies either agreed new credit lines or were given access to such credit lines in the different countries in which they operate. In this regard, ACS Actividades de Construcción y Servicios, S.A. obtained various loans and credit lines between April and June 2020, for a total amount of EUR 1,200 million, of which, as at December 31, 2020, some EUR 1,150 million remain in place and EUR 300 million have been made available as loans.

Hochtief, A.G., for its part, had fully arranged the cash tranche of its syndicated loan in March 2020 for the amount of EUR 500 million. In addition, Hochtief, A.G. secured a cash-syndicated financial facility of EUR 400 million in May 2020 that, as at the closing date of these financial statements, remains fully disbursed and invested in liquid assets. Certain credit lines were also agreed or arranged by the Hochtief operating units in the United States and Australia to expand their liquidity reserves.

As a result of the situation arising from the Covid-19 crisis, the ACS Group has carried out an analysis in relation to its main assets and liabilities based on estimates with regard to the attached Consolidated Annual Accounts and corresponding to:

- Goodwill: Taking into account the circumstances regarding the impairment tests carried out at the end of the first half of 2020, the Group has proceeded to update, where relevant, the impairment tests relating to the most significant goodwill items that remain recorded as at December 31, 2020 (See Note 04.01).
- Equity instruments: The recoverable value of the most significant recorded investments recognized as at December 31, 2020, has been revised using the participation method (see Note 09).
- Deferred tax assets: The fiscal projections and assumptions concerning the recoverability of these assets conducted in the first half of 2020, which were included in the year-end recoverability test on December 31, 2019, have been updated to reflect the effect of Covid-19. In fact the impact of Covid-19 does not imply the reversal of the deferred tax assets recorded (see Note 26).
- Provisions: The level of provisions as at December 31, 2020 (see Note 20) was considered adequate to cover all risks considered probable.
- Financial instruments: As a result of the impact of Covid-19, changes in economic or business circumstances that have an impact on the fair value of the financial assets and liabilities of the entity have been included in the fair value of the financial instruments.

In this regard, while the current situation brought about by Covid-19 generates uncertainty about the evolution and development of the markets, the Group has a high diversification of activities and locations in developed regions with stable political frameworks, as well as a very significant order book (see Note 27) amounting to EUR 69,227 million, which is equivalent to approximately 23 months considering the current rate of sales.

Comparative information

The information contained in these Consolidated Annual Accounts of the ACS Group for the financial year ended December 31, 2019, is presented solely and exclusively for comparative purposes with each item of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes of the Consolidated Annual Accounts for the financial year 2020. The effects of Covid-19 should be taken into account in the comparison of the information (see Note 02.01).

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the last Consolidated Annual Accounts of the Group for the 2019 financial year.

The ACS Group's Consolidated Annual Accounts for 2019, (IFRS as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A., held on May 8, 2020. These Consolidated Annual Accounts differ from the information from the 2019 financial year, which was presented to provide a comparison to the Consolidated Annual Accounts for 2020 as referred to in "Changes in accounting estimates and policies and correction of fundamental errors."

The 2020 Consolidated Annual Accounts of the ACS Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent Company's Board of Directors considers that the aforementioned annual accounts will be approved without any material changes.

Responsibility for information and estimates made

The information in these Consolidated Annual Accounts is the responsibility of the directors of the Group's Parent Company.

The Consolidated Annual Accounts were prepared from the 2020 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its Group companies.

In preparing these Consolidated Annual Accounts for the ACS Group for the financial year ended December 31, 2020, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, in order to quantify certain assets, liabilities, income, expenses and obligations reported herein:

– The assessment of impairment losses on certain assets (Notes 03.01, 03.06 and 10) and, in particular, the assumptions and hypotheses taken into consideration when analyzing the recoverability of the investment in Abertis (Note 09).
– The fair value of the assets acquired and of the liabilities assumed in business combinations (Note 02.02.f)) and the assignment of the Purchase Price Allocation in acquisitions.
– The measurement of goodwill (Note 03.01).
– The recognition of earnings in construction contracts (Note 03.16.01).
– The amount of certain provisions (Note 03.13).
– The assumptions used in the calculation of liabilities and obligations to employees (Note 03.12).
– The market value of derivatives (such as equity swaps, interest rate swaps, forward purchases, etc.) is referred to in Note 22.
– The useful life of intangible assets and property, plant and equipment (Notes 03.02 and 03.03).
– The recovery of deferred tax assets (Note 26.05).
– The evaluation and analysis carried out by ACS Group management in relation to the main implications of the impact of Covid-19.

During 2020, ACS, through its subsidiary CIMIC and Elliott Advisors (UK) Ltd ("Elliott") concluded an agreement whereby funds advised by Elliott acquired a 50% shareholding in Thiess, with CIMIC retaining the other 50% stake. The sale was completed on December 31, 2020. The transaction agreements provide for the future transfer of share options, including a possible initial public offering or sale to a third party and an option ("selling option") for Elliott to sell all or part of its stake in Thiess to CIMIC within three to six years from completion of the transaction. In this respect, the acceptance of the premium for the put option, the fair value of which, as at December 31, 2020, amounted to EUR 8.2 million, has been considered to have less value in the sale transaction (see Note 36.01). The Shareholders' Agreement also provides for a minimum distribution to each shareholder of AUD 180 million per year (approximately EUR 113 million) for the first six years, with Elliott receiving a preferential payment. As part of the transaction, CIMIC has provided warranties that are subject to common limitations.

A professional assessment was conducted to determine whether the transaction should be counted as a sale under IFRS so as to be able to deconsolidate Thiess and to recognize CIMIC's stake in Thiess as a joint venture, or, on the contrary, whether it should be considered that CIMIC continued to control Thiess after the sale of the 50% stake in Elliott's share capital. The decision-making process prescribed in the Shareholders' Agreement and the exposure of the different parties to variable yields were considered and evaluated.

It has been concluded that, in view of the contractual agreements in force between the parties, CIMIC has no power over the investee and does not have the capacity to use its power over the investee to influence the amount of its own yields, since on the one hand the Shareholders' Agreement prescribes equitable representation at the Shareholders' Meeting and the requirement of the consent of both shareholders (or their representatives as designated by the Meeting) concerning important business activities, as well as that fact that CIMIC and Elliott are exposed to Thiess's variable yields. Elliott is exposed to the risks and benefits of its stake while maintaining its interest in capital investment for the duration of the period during which its sale option is exercisable. The put option price does not give Elliott the ability to take advantage of any positive change in Thiess's fair value, with any change in the fair value of the put option in the future being recorded in CIMIC's income statement. It should be noted that the put option is not relevant for the purposes of evaluating the control, since it cannot be exercised before December 31, 2023. It is therefore considered as a financial instrument which is valued "out of the money" at the beginning.

Since CIMIC does not have the current capacity to direct Thiess's important activities and since Elliott is exposed to variable yields, it was determined that CIMIC has lost control of Thiess and must therefore recognize the sale of Thiess as a subsidiary and proceed to the recognition of its holding in Thiess as a joint venture as at December 31, 2020.

Although these estimates were made on the basis of the best information available at the date of preparation of these Consolidated Annual Accounts on the events analyzed, events that take place in the future might make it necessary to change these estimates (upward or downward) in future Consolidated Annual Accounts.

Changes in accounting estimates and policies and correction of fundamental errors

The effect of any change in accounting estimates is recognized in the same income statement line item as that in which the expense or income measured using the previous estimate had been recognized.

Regarding the Group's 45% stake in BIC Contracting LLC (BICC), the aforementioned investee company was included in the Consolidated Annual Accounts using the equity method up until the 2019 financial year, given that it was considered that ACS exercised significant influence over the entity without having control over it, among other reasons, it was considered that the put option did not imply a substantive right as a result of the legal limitations regarding the purchase of companies in the UAE. At the request of the Spanish National Securities Market Commission (CNMV), which has requested that the Group retroactively modify the accounting criterion to record its stake in BICC —without this meaning that the ACS Board of Directors shares the final conclusion of its analysis—for the 2020 financial year, the ACS Group changed the consolidation method applied to BICC, registering it as fully integrated. In addition, it has been considered as a discontinued operation in the financial information as at December 31, 2020, re-expressing the comparative figures for the 2019 financial year in the same way. In addition, and as indicated in IAS 1.10(f), a statement of financial position as at January 1, 2019 has been submitted.

In terms of the equity of the ACS Group, the impact of this change on the Consolidated Annual Accounts for the financial years 2019 and 2020 is as follows:

	Millions of Euros					
	2020			2019		
	BICC	ACS Group	%	BICC	ACS Group (*)	%
Non-current assets	—	13,019	—	196	14,544	1.3%
Current Assets	828	24,315	3.4%	907	25,151	3.6%
Non-current liabilities	—	10,606	—	492	9,533	5.2%
Current-liabilities	837	22,452	3.7%	601	24,656	2.4%
Shareholders' equity	—	4,197	—	—	4,777	—
Equiy	(9)	4,276	(0.2%)	10	5,506	0.2%
Profit for the period of the parent	—	574	—	—	962	—

(*) Data restated.

The impact on the earnings per share corresponds to the earnings per share of the interrupted activities indicated in Note 31.

In addition, as indicated in Note 32, following the close of the 2020 financial year, the Group reached an agreement with SALD Investment LLC for the sale of its stake in BICC. The transaction is not expected to have a significant impact on the group's annual accounts, as ACS provisioned its total financial exposure in BICC in the 2019 financial year.

Except for the foregoing and the entry into force of new accounting standards, the bases of consolidation applied in 2020 are consistent with those applied in the 2019 Consolidated Annual Accounts (see Note 03.24).

Currency

The euro is the currency in which the Consolidated Annual Accounts are presented. Details of sales in the main countries in which the Group operates are set out in Note 25.

02.02. Consolidation principles

a) Balances and transactions with Group companies and associates

The significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, all gains obtained by associates up to their percentage of ownership interest and all gains obtained by fully consolidated companies were eliminated.

However, in accordance with the criteria provided by IFRIC 12, balances and transactions relating to construction projects undertaken by companies of the Construction and Industrial Services division for concession operators are not eliminated on consolidation since these transactions are considered to have been performed for third parties as the projects are being completed.

b) Standardization of items

In order to uniformly present the various items comprising these Consolidated Annual Accounts, accounting standardization criteria have been applied to the individual annual accounts of the companies included in the scope of consolidation.

In 2020 and 2019, the reporting date of the annual accounts of all the companies included in the scope of consolidation was the same or was temporarily brought into line with that of the Parent Company.

c) Subsidiaries

"Subsidiaries" are defined as companies over which the ACS Group has the capacity to exercise control, i.e. in accordance with IFRS 10, when it has the power to lead their relevant activities, it is exposed to variable revenues as a result of their stake in the subsidiary and is able to exercise said power in order to influence its own revenues, either directly or through other companies it controls.

The annual accounts of the subsidiaries are fully consolidated with those of the Parent Company. Where necessary, adjustments are made to the annual accounts of the subsidiaries to adapt the accounting policies used to those applied by the Group.

As at December 31, 2020, the ACS Group had an effective ownership interest of less than 50% in companies considered to be subsidiaries because it controls the majority of the voting rights of these companies with the most representative companies, the most representative of which have an assets volumein excess of EUR 4 million: Piques y Túneles, S.A., Consorcio Embalse Chironta, S.A., Consorcio Constructor Hospital de Quellón, S.A. and Salam Sice Tech Solutions Llc (these four companies were in the same situation as at December 31, 2019). The ACS Group fully consolidates these investees by having the power, the rights to variable yields and the ability to influence those yields through the power it exercises.

As at December 31, 2020, the main companies of the ACS Group with dividend rights of more than 50% which are not fully consolidated include: Road Management (A13) Plc. y Benisaf Water Company, Spa. As at December 31, 2019, the ACS Group also owned companies with dividend rights of more than 50% which are not fully consolidated, including the following: Autovía de La Mancha, S.A. Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Road Management (A13) Plc., Autovía de los Pinares, S.A. and Benisaf Water Company, Spa.

This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders and consequently, they have been recognized as joint ventures or companies accounted for using the equity method. The relevant decisions vary depending on each resolution, but, generally, the other shareholder can veto any decision regarding (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Chief

Financial Officer (CFO) and Chief Operating Officer (COO), (ii) approval of distribution of dividends or reserves not approved in the business plan, (iii) any change in the business activity, (iv) approval of the business plan and approval of the annual budget and/or final investment decision for a development project, (v) refinancing or restructuring or rebalancing agreements, (vi) changes in financial policies (hedging, leverage, guarantees, etc.), (vii) approval of the annual accounts and application of results, etc.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e., a discount on acquisition) is credited to profit and loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognized.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under "Non-controlling interests" in the consolidated statement of financial position.
- The profit for the year is presented under "Profit/(loss) attributable to non-controlling interests" and "Profit/(loss) from discontinued operations attributable to non-controlling interests" in the consolidated income statement and in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these Notes to the Consolidated Annual Accounts details the subsidiaries and information thereon.

Section f) of this Note contains information on acquisitions and disposals, as well as increases and decreases in ownership interest.

d) Joint agreements

The Group recognizes in the Consolidated Annual Accounts its assets, including its share of jointly controlled assets; its liabilities, including its share of liabilities incurred jointly with the other operators; the revenue obtained from the sale of its share of the production resulting from the joint operation, its share of the revenue obtained from the sale of the production resulting from the joint operation, its expenses, including its share of the joint expenditure.

Within the joint agreements in which the ACS Group operates, mention should be made of Temporary Joint Ventures and similar entities (various types of joint ventures) abroad, which are entities through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time.

The assets and liabilities assigned to these types of entities are recognized in the consolidated statement of financial position, classified according to their specific nature on the basis of the existing percentage of ownership. Similarly, income and expense arising from these entities is presented in the consolidated income statement on the basis of their specific nature and in proportion to the Group's ownership interest.

Notes 08 and 09 contain relevant information on the relevant joint ventures.

e) Associated entities

The companies over which the ACS Group maintains significant influence or joint control are consolidated using the equity method in those cases where they do not meet the requirements of the IFRS 11 to be classified as Joint Agreements.

Exceptionally, the following entities are not considered to be Group associates since they do not have a significant influence or are fully inoperative and irrelevant for the Group as a whole.

Investments in associates are accounted for using the equity method, whereby they are initially recognized at acquisition cost. Subsequently, on each reporting date, they are measured at cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognized as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognized in profit or loss.

The net tax results of associates are included in the Group's consolidated income statement under "Ordinary results of companies accounted for using the equity method" for all those associates and Joint Ventures whose activity is part of the same operational business of the Group and under "Non ordinary results of companies accounted for using the equity method" for those whose activity is not part of the Group’s operational business (after an individual analysis has been carried out on each one of them), according to the percentage of their stake. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

Losses in the associates that correspond to the Group are limited to the value of the net investment, except in those cases where legal or implied obligations had been assumed by the Group or it has made payments on behalf of the associates. For the purposes of the recognition of impairment losses in associates, the result of adding to the book value resulting from the application of the participation method the value corresponding to any other item which, in substance, forms part of the investment in the associates, is considered a net investment. The excess of losses on investment in equity instruments applies to all other items in reverse order to the priority in settlement. Subsequent gains from those associates in which the recognition of losses to the value of the investment have been limited are recorded to the extent that they exceed previously unrecognized losses.

Note 09 contains relevant information on material entities.

f) Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (formed by ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) in the year ended December 31, 2020, are described in Appendix III.

Acquisitions, sales and other corporate transactions

Acquisitions

During the 2020 financial year, the increase in participation in Hochtief and CIMIC was highlighted through the investments made and the self-portfolio programs approved by those companies. In this way, through the purchase of a self-portfolio by Hochtief, the stake in that company goes from 50.4% as at December 31, 2019, to 52.2% as at December 31, 2020. In addition, Hochtief purchased 8,962,059 CIMIC shares during the 2020 financial year. Moreover, CIMIC has bought treasury shares during the same period. Both operations have increased Hochtief's participation in CIMIC from 72.8% as at December 31, 2019, to 78.6% as at December 31, 2020.

In 2019, specifically on February 11, 2019, Cobra Instalaciones y Servicios, S.A., a wholly owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A., bought 49% of Bow Power, S.L. (currently called Zero-E Dollar Assets, S.L.) from Global Infrastructure Partners (GIP) for USD 96.8 million, making it the 100% shareholder of the company.

In addition, during the 2020 financial year, the remaining stake of Tonopah Solar Energy was acquired and will be fully integrated into the Consolidated Annual Accounts of the ACS Group.

Sales

During the 2020 financial year, the Group entered into an agreement with funds advised by Elliott with respect to Elliott's acquisition of a 50% stake in Thiess's share capital, the transaction thus being completed on December 31, 2020. The terms of the sales agreement imply that the ACS Group no longer controls Thiess, but controls it jointly with Elliott and, consequently, the ACS Group has proceeded to derecognize Thiess's assets and liabilities in the Consolidated Annual Accounts. The remaining 50% of the stake held under joint control with Elliott was recorded again as at December 31, 2020, for its fair value based on the selling price (see Note 02.01).

The sale has been accounted for under IFRS 10 as follows: The total net receivable of transaction costs was EUR 1,980.9 million (AUD 3,148.8 million), comprising: a cash allowance of AUD 2,016.8 million and a non-monetary allowance of AUD 1,132.0 million (fair value of 50% interest withheld) minus the book value of Thiess's net assets of EUR 833 million, which includes the decline of the share allocated to the intangible assets deriving from the first consolidation of Hochtief (via a PPA or Purchase Price Allocation), together with the share of the Goodwill assigned to the said assets in the amount of EUR 244.7 million (see Note 04.01), and the recycling of reserves of EUR 36.8 million, resulting in a profit before tax of EUR 1,111 million, which has been recorded under the heading "Impairment and gains or losses on disposals of fixed assets" in the consolidated income statement. The breakdown as at December 31, 2020, is as follows:

	Millions of Euros 31/12/2020
Gain on disposal	
Total cash consideration	1,432
Non-cash consideration	712
Carrying amount on disposal	(833)
Recycling of reserves	(37)
Gain of disposal of cotrolled entities before tax	**1,274**
Transaction costs	(163)
Net gain on disposal of controlled entities before tax	**1,111**
Carrying value of assets and liabilities of entities and businesses disposed	
Cash and cash equivalents	80
Trade and other receivables	521
Inventories: consumables and development properties	86
Deferred tax assets	36
Property, plant and equipment	791
Intangibles	108
Goodwill (see Note 04.01)	245
Trade and other payables	(617)
Provisions	(91)
Lease liabilities	(305)
Deferred tax liabilities	(8)
Non-controlling interest	(13)
Net assets disposed	**833**
Cash flow resulting from sale	
Cash consideration net of transaction costs (*)	1,399
Cash disposed	(80)
Net cash outflow	**1,319**

(*) As at December 31, 2020 certain transaction costs remain unpaid which are accrued in the trade and other payables balance.

The share of this result attributable to the recognition of the investment held in the former subsidiary at its fair value is EUR 712.1 million (AUD 1,132.0 million) (see Note 09.01); the share of this result attributable to the investment in the alienated former subsidiary is EUR 712.1 million (AUD 1,132.0 million). Thiess's contribution from January 1, 2020 to December 31, 2020 to the Group's income was EUR 2,177 million and EUR 261 million to the Group's net profit after taxes and minority interest. The breakdown of income and of the effect on Thiess's cash flow statement are as follows:

	Millions of Euros	
	31/12/2020	31/12/2019
Revenue	2,177	2,423
Expenses	(1,842)	(2,023)
Net finance costs	(17)	(26)
Share of profits/(losses) of associates and joint ventures entities	1	2
Profit/(loss) before tax before gain/(loss) on sale of Thiess	**319**	**376**
Gain/(loss) on sale of assets from Thiess	1,111	—
Profit/(loss) before tax	**1,430**	**376**
Income tax (expense)/benefit from Thiess before gain on sale of assets	(80)	(116)
Income tax (expense)/benefit on gain on sale of assets	(383)	—
Income tax (expense)/benefit from Thiess	**(463)**	**(116)**
Profit/(loss) for the year from Thiess	**967**	**260**
Profit attributed to non-controlling interests	(706)	(166)
Profit attributable to the shareholders of parent entity	**261**	**94**

	Millions of Euros	
	31/12/2020	31/12/2019
Net cash from/(used in) operating activities	69	561
Net cash from/(used in) investing activities	(245)	(292)
Net cash from/(used in) financing activities	135	(303)
Net cash flow for the year	**(41)**	**(34)**

On April 28, 2020, there took place the sale to the Hermes Infrastructure fund (through Iridium Concesiones de Infraestructuras, S.A.) of 74% of its stake in a company that held all the shares that the Group had in six shadow toll concessions, which were as follows: in Catalonia, Eix Diagonal and Reus-Alcover; in Castile La Mancha, Autovía de la Mancha; in Castile and León, Autovía de los Pinares; in Navarre, Autovía del Pirineo; and in Galicia, the Santiago-Brion section. Iridium, in addition to maintaining the remaining 26% stake, will continue the management and operation of the assets, through operating and maintenance contracts and service contracts with a very significant presence in the management bodies of the companies and in the day-to-day management of the concessions. The operation was carried out with a company value (100%) of EUR 950 million and with a capital gain of 74% of the sum transmitted of EUR 40 million, some of which had already been collected in the 2019 financial year (see Note 03.09).

During January 2020, an agreement was reached for the sale of the 50.1% that the Group still held as at December 31, 2019, in the company Zero-E Euro Assets, S.A. as well as for the sale of other photovoltaic energy projects also located in Spain (see Note 03.09). The agreement was amended during July 2020 with the creation of a Joint Venture that groups together the projects already in operation and a first package of those that were in development, of which Galp acquired 75.01% for an amount between EUR 300 and 350 million and the ACS Group maintains a 24.99% stake, with a joint governance structure. The remaining projects will be progressively incorporated into the Joint Venture.

On September 15, 2020, an agreement was reached with the Galp Energía Group (Galp), consisting of the sale of shares representing 75% of the capital of the company, which concentrates its investment on photovoltaic energy projects in Spain, both those currently in operation and those expected to be developed and operational starting from 2020 through to 2023. This represents a total installed capacity of 2930 MW and an initial disbursement by Galp of EUR 325 million.

The total value of the company, once all the projects have been completed, is estimated at some EUR 2,200 million, with total net profits for the Group of approximately EUR 330 million, of which EUR 250 million was collected in the 2019 financial year.

The Group's Management, based on the fact that the relevant activities of Escal UGS, S.L., i.e. those that significantly affect its performance, are limited, therefore, proceeded to deconsolidate them in from the Group's financial statements 2019, as established in IFRS 10. Management considers that the activities are basically limited to the resolution of the pending litigation associated with the Castor project and the decisions relating to these activities, due to their inevitable consequences for the subsidiary's assets, must be approved by the bankruptcy administration. The effect of the deconsolidation of this share for a very small amount was of little significance.

In December 2019, the ACS Group, through its subsidiary ACS Servicios, Comunicaciones y Energía, S.L., sold 49.9% of its shares in the company Zero-E Euro Assets, S.A., which owns several photovoltaic energy projects that will come into operation in 2019 with an installed power of 914.8 MW. As a result of this transaction and the agreements reached, the ACS Group has since that date maintained a joint control agreement with the partner holding the remaining stake.

Consequently, the Group has derecognized the net assets relating to the aforementioned photovoltaic plants from the Consolidated Annual Accounts as at December 31, 2019 and has again recognized at fair value the assets corresponding to the 50.1% stake in these plants, which it held at the end of 2019, after the aforementioned sale of 49.898% of the shares in Zero-E Euro Assets, S.A.

The effect related to the photovoltaic plants has generated a positive after-tax result in the consolidated income statement for 2019 of approximately EUR 250 million.

The ACS Group sold its 50% stake in the Canadian company Northeast Anthony Henday, the concessionaire of the Edmonton ring road in Alberta, Canada (see Note 29).

The ACS Group, through its subsidiary ACS Infrastructure Development, Inc. sold 75% of its 50% stake in the concession company I-595 Express, LLC in Florida (USA) I 595 Toll Road, LLC, to the owner of the other 50%.

Others

On October 2, 2020, ACS, Actividades de Construcción y Servicios, S.A. informed the market of the existence of a non-binding offer by VINCI with the aim of acquiring the Industrial Services business. The perimeter of the operation would include, in addition to engineering and works activities, stakes in eight concessions or PPPs of mainly energy projects, as well as the platform for developing new projects in the renewable energy sector. The indicative value of the perimeter of the VINCI proposal represents a company value of around EUR 5,200 million. This proposal was examined by the ACS Board of Directors, which, despite not being in search of buyers, decided to continue with the negotiations. In this regard, at the end of the 2020 financial year, the ACS Group assessed whether the criteria set out in IFRS 5 for the classification of its investment as a non-current asset held for sale were met. After analyzing the various factors, the Group found that it should not be presented as a non-current assets held for sale since the potential sales package was not available as of December 31, 2020, under the conditions necessary for its immediate sale, since there is a segregation process (or carve-out) of the companies pending. Also, given the elevated size of the industrial division, authorization is required by various agents, such as competition agencies in many geographical areas, funding agents for certain projects, clients, government agencies, the approval of which is a substantive condition and is not under the control of the ACS Group. Due to all this, and with the opinion of its legal advisers, it has been considered that at the end of the 2020 financial year, the sale is not highly likely, to the extent that it is not unlikely that significant changes to the plan may occur and it is not possible to determine the assets and liabilities affected, the necessary conditions have not been met for its immediate sale and therefore, according to IFRS 5, the criteria for being classified as a non-current assets held for sale have not been met.

03. Accounting Policies

The principal valuation standards used in preparing the Group's Consolidated Annual Accounts, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, were as follows:

03.01. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

– Those attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment (amortization, accrual, etc.) was similar to that of the same assets (liabilities) of the Group. Those attributable to specific intangible assets, recognizing them explicitly in the consolidated statement of financial position provided that the fair value at the acquisition date can be measured reliably.
– Goodwill is only recognized when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognized.
– Goodwill acquired on or after January 1, 2004, is measured at acquisition cost and that acquired earlier is recognized at the carrying amount as at December 31, 2003.

In all cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortized.

An impairment loss recognized for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euro at the exchange rates prevailing at the date of the consolidated statement of financial position and changes are recognized as translation differences or impairment, as appropriate.

Any negative differences between the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

– If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment (amortization, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.
– The remaining amounts are presented under "Other results" in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

03.02. Other intangible assets

Intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognized.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. These assets are amortized over their useful life.

The ACS Group recognizes any impairment loss on the carrying amount of these assets with a charge to "Impairment and gains on the disposal of non-current assets" in the consolidated income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the reversal of impairment losses recognized in prior years are similar to those used for property, plant and equipment (Note 03.06).

03.02.01. Development expenditure

Development expenditure is only recognized as intangible assets if all of the following conditions are met:

- an identifiable asset is created (such as computer software or new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be reliably measured.

Costs related to research and/or development activities are recorded as an expense as they are incurred.

The costs related to development activities have been capitalized to the extent that:

- The Group has technical studies that justify the viability of the production process;
- There is a commitment from the Group to complete the production of the asset in such a way that is found in the terms of sale (or internal use);
- The asset will generate sufficient economic benefits;
- The Group has the technical and financial (or other) resources to complete the development of the asset (or to use it internally) and has developed budgetary control and analytical accounting systems to track budgeted costs, the modifications introduced and the costs actually charged to the various projects.

The cost of assets generated internally by the Group is determined according to the same principles as those established in the determining the production cost of inventories. The capitalization of the cost of production is made by the payment of the costs attributable to the asset in the accounts of the item "Capitalised expenses of in-house work on assets" from the consolidated income statement (consolidated statement of comprehensive income).

Costs incurred in carrying out activities in which the costs attributable to the research phase cannot be clearly distinguished from the costs of the intangible assets' development phase are charged to profit and loss.

In addition, the costs incurred in carrying out activities that contribute to developing the value of the various businesses in which the Group operates as a whole are recorded as expenses as they are incurred. Also, in general, subsequent substitutions or costs incurred in intangible assets are recorded as expenditure, unless the expected future economic benefits of the assets increase.

Internally generated intangible assets are amortized on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognized, development expenditure is recognized as an expense in the year in which it is incurred.

03.02.02. Administrative concessions

Concessions may only be recognized as assets when they have been acquired by the company for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the State or from the related public agency.

Costs related to research and/or development activities are recorded as an expense as they are incurred.

Concessions are generally amortized on a straight-line basis over the term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

03.02.03. Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recorded with a charge to "Other intangible assets" in the consolidated statement of financial position.

Computer system maintenance costs are recognized with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognized as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortized on a straight-line basis over a period of between three and four years from the entry into service of each application.

03.02.04. Other intangible assets

This heading basically includes the intangible assets related to the acquired companies' construction backlog and customer base, mainly of the Hochtief Group. These intangible assets are measured at fair value on the date of their acquisition and if material, on the basis of independent external reports. The assets are amortized in the five to ten-year period in which it is estimated that profit will be contributed to the Group.

03.03. Tangible assets - property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at acquisition or production cost less any accumulated depreciation and any recognized impairment losses.

The Group recognizes the interest costs directly attributable to the acquisition, construction or production of qualified assets as the higher value of the assets. Qualified assets are those that require a substantial period of time before they can be used or be subject to disposal. To the extent that the financing has been obtained specifically for the qualified asset, the amount of interest to be capitalized is determined on the basis of the actual costs incurred during the financial year minus the revenue obtained from the temporary investments made with those funds. Financing obtained specifically for a qualified asset is considered generic financing, once all the activities necessary to prepare the asset for its intended use or sale have been substantially completed. The amount of capitalized interest for generic financing is determined by applying a weighted average interest rate to the investment in qualified assets, never exceeding the total interest costs incurred. All other interest costs are recognized in profit or loss in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognized as additions to property, plant and equipment and the items replaced or renewed are derecognized.

Periodic maintenance, upkeep and repair expenses are recognized in profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Amortization is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment amortization charge is recognized in the consolidated income statement and is basically based on the application of amortization rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of estimated useful life
Buildings	20-60
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of tangible assets - property plant and equipment	4-12

Notwithstanding the foregoing, the property, plant and equipment assigned to certain contracts for services that revert to the contracting agency at the end of the contract term are amortized over the shorter of the term of the contract or the useful life of the related assets.

Interest relating to the financing of non-current assets held under finance leases is charged to consolidated profit for the year using the effective interest method, on the basis of the repayment of the related borrowings. All other interest costs are recognized in profit or loss in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement.

Future costs that the Group will have to face in connection with the dismantling, closure and environmental restoration of certain facilities are included in the value of the asset at present value, including the corresponding provision. The Group reviews its estimates of these future costs on an annual basis, adjusting the value of the provision established based on related studies.

Identified right of use in lease agreements

The ACS Group administers its owned and leased assets to ensure that there is a sufficient level of resources for it to meet its current obligations. The decision to lease or buy an asset depends on numerous considerations such as financing, risk management and operational strategies after the planned end to a project.

With the application of IFRS 16, the Group now assesses whether a contract is or contains a lease based on the new lease definition. Under IFRS 16, a contract is or contains a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration.

At the beginning of the lease, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset consists of the amount of the lease liability, any lease payments made on or before the commencement date less incentives received, initial direct costs incurred and an estimate of the decommissioning or restoration costs to be incurred, as indicated in the provisions accounting policy.

The Group values the lease liability for the current value of lease payments that are pending payment on the start date. The Group discounts lease payments at the appropriate incremental interest rate, unless it can reliably determine the lessor's implicit interest rate.

Outstanding lease payments consist of fixed payments less any incentive receivable, variable payments that depend on an index or rate initially measured by the index or rate applicable at the inception date, amounts expected to be paid for residual value guarantees, the exercise price of the purchase option that is reasonably certain to be exercised and severance payments, provided that the lease term reflects the exercise of the cancellation option.

The Group values the right-of-use assets at cost, less the accumulated impairment amortizations and losses, adjusted for any reestimation of the lease liability.

If the contract transfers ownership of the asset to the Group at the end of the lease term or the right-of-use asset includes the purchase option price, the amortization criteria indicated in the section on property, plant and equipment from the start date of the lease to the end of the useful life of the asset shall apply. Otherwise, the Group amortizes the right-of-use asset from the start date until the previous date between the useful life of the right or the end of the term of the lease.

The Group applies the criteria for impairment of the value of non-current assets set out in Note 03.06 to the right-of-use asset.

The Group values the lease liability by increasing it for the accrued financial expense, decreasing it for payments made and reestimating the book value for lease modifications or to reflect updates to fixed payments in essence.

Lessees must separately recognize interest expense on the lease liability and depreciation expense on the right to use the asset. Future lease payments (for the purpose of calculating the initial value of the liability) do not include payments that are variable and not dependent on an index (such as the CPI or an applicable lease price index) or a rate (such as the Euribor).

However, lessees are required to remeasure the lease liability in the event of certain events (such as a change in the term or lease payments). The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset. In this regard, the Group records the variable payments that have not been included in the initial valuation of the liability in the results from the period in which the events that triggered its disbursement occurred.

Variable lease payments were not material as at December 31, 2020 and 2019.

The Group recognizes reestimates of the liability as an adjustment to the right-of-use asset, until it is reduced to zero and subsequently recognized in profit and loss.

The Group reestimates the lease liability by discounting the lease payments at an updated rate, if there is a change in the lease term or a change in the exercise expectation of the underlying asset purchase option.

The Group reestimates the lease liability if there is a change in the expected amounts to be paid from a residual value guarantee or a change in the index or rate used to determine payments, including a change to reflect changes in market yields once these have been reviewed.

The standard includes two exceptions to the recognition of lease assets and liabilities by lessees for which the expense is recorded in the income statement on an accrual basis:

– Low-value leases: this refers to leases of little significance, i.e. those contracts whose underlying asset is attributed an insignificant value. The Group has set the upper limit of this value at USD 5,000 as a reference amount.

– Short-term leases: those contracts with an estimated rental period of less than 12 months.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis. In this sense, the Group does not have any material operating leases as a lessor.

Due to the application of IFRS 16, in the previous year, the Group performed a detailed analysis of all the leases it has entered into, not considering contracts of less than one year and of low value; the main contracts were those associated with the rental of machinery, offices and transport elements in different geographical areas of operation.

There may also be some office leases that contain extension options which can be exercised by Group one year before the non-cancelable period of the lease. The Group considers such time extensions in those cases where it is reasonably certain that the extension will be exercised.

The ACS Group has chosen to implement the practical solution provided for in the "Amendment to IFRS 16 Leases – Rent Improvements" which entered into force on June 1, 2020, simplifying the accounting of an improvement in income related to Covid-19.

Lessor's standpoint:

The accounting of lease contracts where the Group acts as a lessor is carried out according to the following criteria:

Finance leases:

The Group recognizes an account receivable for the amount equivalent to the present value of the lease payments, plus the unguaranteed residual value, discounted at the implicit interest rate of the contract (net investment of the lease). Initial direct costs are included in the initial valuation of the collection rights and decrease the amount of revenue recognized over the term of the lease. Financial income is charged to the income statement according to the effective interest rate method.

At the beginning of the lease, the Group recognizes the outstanding amounts related to the fixed payments in the accounts receivable for the lease, less the incentives payable, the variable payments that depend on an index or rate that are valued using the index or rate applicable on that date, any residual value guarantees delivered to the lessor by the lessee, a party linked to it or any third party not linked to the lessor with the financial capacity to fulfill the obligation, the exercise price of any purchase option, if there is reasonable certainty that it will be exercised by the lessee and indemnity payments for the termination of the lease, if the term of the lease reflects that the lessee will exercise the option of cancellation.

As mentioned previously, sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis. In this sense, the Group does not have any material operating leases as a lessor.

03.04. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by the ACS Group subsidiaries and which are financed under a project finance arrangement (limited recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantees to the participating financial institutions with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a given amount and on the other, generally representing a larger amount, through borrowed funds in the form of non-current debt. The debt servicing of these credit facilities or loans is supported mainly by the cash flows to be generated by the project in the future and by security interests in the project's assets.

These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, compulsory purchases, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

Also included under this heading will be the borrowing costs incurred prior to the entry into operation of the assets arising from external financing thereof. Capitalized borrowing costs arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are expensed currently.

The residual value, useful life and depreciation method applied to the companies' assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the non-current assets in projects are consumed.

This heading also includes the amount of the concessions to which IFRIC 12 has been applied. These mainly relate to investments in transport, energy and environmental infrastructures operated by the ACS Group subsidiaries and financed under a project finance arrangement (limited recourse financing applied to projects), regardless of whether the demand risk is assumed by the group or the financial institution. In general, the loans are supported by security interests over the project cash flows.

The main features to be considered in relation to non-current assets in projects are as follows:

– The concession assets are owned by the concession grantor in most cases.
– The grantor controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
– The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the grantor and the concession operator has no right whatsoever over these assets.
– The concession operator receives revenues for the services provided either directly from the users or through the grantor.

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 recognized under intangible or financial assets by reference to the stage of completion pursuant to IFRS 15 "Revenue from contracts with customers," with a balancing entry in an intangible or financial asset and a second phase in which a series of maintenance or operating services are provided for the aforementioned infrastructure, which are recognized in accordance with IFRS 15 "Revenue from contracts with customers."

An intangible asset is recognized when the demand risk is borne by the concession operator and a financial asset is recognized 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 and to be paid in relation to the fees for the award of the concessions.

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

All the infrastructures of the ACS Group concession operators were built by Group companies and no infrastructures were built by third parties. The revenue and expenses relating to infrastructure construction or improvement services are recognized at their gross amount (record of sales and associated costs), the construction margin being recognized in the Consolidated Annual Accounts.

Intangible assets

For concessions classified as intangible assets, provisions for dismantling, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is contemplated in the initial contract, are capitalized at the start of the concession and the amortization of these assets and the adjustment for provision discounting are recognized in profit or loss. Also, provisions for infrastructure replacement and repair work are systematically recognized in profit or loss as the obligation is incurred.

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

Intangible assets are amortized on the basis of the pattern of consumption, understood as the changes in and best estimates of the production units of each activity. The most important concession business in quantitative terms is toll road activity, whose assets are depreciated or amortized on the basis of the concession traffic.

Financial assets

Concessions classified as a financial asset are recognized at the fair value of the construction or improvement services rendered. In accordance with the amortized cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue in the accompanying consolidated income statement. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognized in the consolidated income statement in accordance with IFRS 15, "Revenue from contracts with customers," and the finance costs relating to the concession are recognized in the accompanying consolidated income statement according to their nature.

Assets are classified as current when they are expected to be realized or are intended to be sold or consumed during the normal cycle of the Group's operation, when they are held primarily for negotiation, they are expected to be realized within the 12-month period after the closing date or are cash or other equivalent liquid media, except in those cases where they cannot be exchanged or used to cancel a liability, at least 12 months after the closing date.

Interest income on the concessions to which the accounts receivable model is applied is recognized as sales, since these are considered to be ordinary activities, forming part of the overall objective of the concession operator and are carried on and provide income on a regular basis.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognized as a higher amount of the financial asset and the items replaced or renewed are derecognized.

The work performed by the Group on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price.

Concession operators amortized these assets so that the carrying amount of the investment made is zero at the end of the concession.

Non-current assets in projects are depreciated on the basis of the pattern of use which, in the case of toll roads, is generally determined by the traffic projected for each year. 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.

At least at each balance sheet date, the companies determine whether there is any indication that an asset or group of assets of financial assets is impaired so that, as indicated in Note 03.06, an impairment loss can be recognized or reversed in order to adjust the carrying amount of the assets to their value in use.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognized as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiration of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

Future costs that the Group will have to face in connection with the dismantling, closure and environmental restoration of certain facilities are included in the value of the asset at present value, including the corresponding provision. The Group reviews its estimates of these future costs on an annual basis, adjusting the value of the provision established based on related studies.

03.05. Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services, or for administrative purposes, or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation and where applicable, impairment losses, are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revaluate its investment property on the basis of its market value, but rather to recognize it at cost, net of the related accumulated depreciation, following the same criteria as for "Property, plant and equipment."

Properties in construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset and is recognized in profit or loss in the period of the retirement or disposal.

Investment property is depreciated on a straight-line basis over its useful life, which is estimated to range from 25 to 50 years based on the features of each asset, less its residual value, if material.

03.06. Impairment of tangible assets, property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, as well as its investment properties, to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of the impairment loss is recognized as income immediately.

03.07. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realizable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realizable value of the inventories at year-end and recognizes the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

03.08. Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognized at fair value, plus any directly attributable transaction costs.

On January 1, 2018, IFRS 9 "Financial Instruments" came into force, affecting the classification and measurement of financial assets; the measurement method is determined on the basis of two concepts, the characteristics of the contractual cash flows of the financial asset and the Group's business model for managing it. The three new financial asset measurement categories are: amortized cost, fair value through other comprehensive income (equity) and fair value through changes in the consolidated income statement.

This classification depends on how an entity manages its financial instruments (equity instruments, loans, debt securities, etc.), its business model and the existence or otherwise of contractual cash flows from specifically defined financial assets:

- If the objective of the business model is to hold a financial asset in order to collect contractual cash flows and, according to the terms of the contract, cash flows are received on specific dates that constitute exclusively payments of principal plus interest on that principal, the financial asset is measured at amortized cost. The Group's financial assets relate largely to loans and debt securities and are therefore measured at amortized cost, i.e. initial cost less principal repayments plus accrued interest on the basis of the effective interest rate pending collection, adjusted for any recognized impairment losses, where applicable.

  The effective interest rate is the rate that equals the initial cost to the total estimated cash flows for all items over the remaining life of the investment.

  The receivables from commercial debtors that are typical of the Group's normal traffic are recorded by their nominal value adjusted by their expected lifetime credit losses.
- If the business model aims to obtain both contractual cash flows and their sale and, according to the terms of the contract, cash flows are received on specific dates that constitute exclusively payments of principal plus interest on that principal, the assets are measured at fair value with changes in other comprehensive income (equity). Interest, impairment and exchange differences are recorded in the income statement as in the amortized cost model. Other changes in fair value are recognized in equity and are recycled in the consolidated income statement upon their sale.
- Beyond the above scenarios, the general rule is that the remaining assets are measured at fair value with changes in the consolidated income statement. This method is used mainly to classify equity instruments, unless they are initially classified at fair value through other comprehensive income.

  However, there are two options for irrevocable designation at initial recognition:
- An equity instrument, provided it is not held for trading purposes, may be designated for measurement at fair value through other comprehensive income (equity), although if the instrument

is sold, amounts recognized in equity may not be allocated to the consolidated income statement and only dividends are recognized in profit or loss.

- A financial asset may also be designated to be measured at fair value with changes in the consolidated income statement if this reduces or eliminates an accounting asymmetry *"Fair Value Option."*

Expected loss and customer insolvencies

The change as a result of the entry into force of IFRS 9 consists of the change from incurred credit losses to expected credit losses in the presentation of impaired financial assets. The quantification of expected credit losses involves determining the probability of default in the initial recognition of an asset and, subsequently, whether there has been a significant increase in credit risk on an ongoing basis in each reporting period. In making this assessment, the ACS Group considers both the quantitative and qualitative information that is reasonable and can be supported, including historical experience and forward-looking information that is available without unnecessary cost or effort. Forward-looking information includes the future prospects of the industries in which the Group’s debtors operate, obtained from reports compiled by expert economists, financial analysts, government bodies, relevant groups of experts and other similar organizations, as well as the consideration of various external sources of economic forecasts related to the main business operations of the ACS Group.

In particular, insofar as it is available in a reasonable form, the following information is taken into account for assessing significant changes in credit risk:

- Real or expected significant adverse changes in commercial, financial or economic conditions that are expected to cause a significant change in the borrower’s ability to meet its obligations.
- Real or expected significant changes in the borrower’s operating results.
- Significant increases in credit risk in other financial instruments of the same borrower.
- Credit ratings assigned by an external agency.
- Significant changes in the value of the guarantee that supports the bond, or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of the borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information, such as market interest rates and growth rates.

Under the new standards, the Group has opted to apply the simplified approach to the impairment of trade receivables that do not contain a significant financial component, assessing and recognizing from the outset the whole of the expected loss. For its practical application, estimated calculations are used based on historical experience and the risk of each customer, by geographical area.

Overall, the deterioration is estimated in terms of the losses expected over the next 12 months. When a significant deterioration in credit quality occurs, the expected loss over the life of the asset is estimated.

Current/Non-current classification

Liabilities are classified as current when they are expected to be settled in the normal cycle of the Group's operation, when they are held primarily for negotiation, they have to be settled within the 12-month period from the closing date or the Group does not have the unconditional right to postpone the cancellation of liabilities during the 12 months following the closing date.

Derecognition of financial assets

The Group derecognizes 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 been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitization of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognize financial assets and does recognize a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring, sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest and the securitization of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

Fair value hierarchies

Financial assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2: Inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

03.09. Non-current assets held for sale, liabilities relating to non-current assets held for sale and discontinued operations

Non-current assets held for sale

2020 Financial Year

As at December 31, 2020, non-current assets held for sale related mainly, in the Industrial Activity segment, to the renewable energy business (mainly photovoltaic plants, wind farms and solar thermal plants) and electricity transmission lines.

In all the above cases a formal decision was made by the Group to sell these assets and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It is noteworthy that the assets, which were classified as held for sale as at December 31, 2020, had been held in this category for a period of over 12 months but were not sold due to circumstances which at the time of their classification were not foreseeable. Paragraph B1 (c) of Appendix B of IFRS 5 exempts a company from using a one year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely, the assets have been actively marketed at a reasonable price and fulfill the commitments required by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

The breakdown of the main assets and liabilities held for sale as at December 31, 2020, is as follows:

	Thousands of Euros			
	31/12/2020			
	Renewable energy	Transmission line	Other	Total
Tangible assets - property, plant and equipment	26,414	—	9,150	35,564
Intangible assets	55,100	—	—	55,100
Non-current assets in projects	1,299,394	—	29,471	1,328,865
Financial Assets	126,025	265,547	232,382	623,954
Deferred tax assets	7,204	—	1,981	9,185
Other non-current assets	202	11,749	74,917	86,868
Current assets	128,729	357	84,046	213,132
Assets held for sale	**1,643,068**	**277,653**	**431,947**	**2,352,668**
Non-current liabilities	926,122	2,082	44,881	973,085
Current liabilities	260,020	82,729	93,124	435,873
Liabilities relating to assets held for sale	**1,186,142**	**84,811**	**138,005**	**1,408,958**
Non-controlling interests held for sale	**4,660**	**—**	**1,478**	**6,138**

During January 2020, an agreement was reached for the sale of the 50.1% that the Group still held as at December 31, 2019, in the company Zero-E Euro Assets, S.A. as well as for the sale of other photovoltaic energy projects also located in Spain (see Note 02.02.f)).

The agreement was amended during July 2020 with the creation of a Joint Venture that groups together the projects already in operation and a first package of those that were in development, of which Galp acquired 75.01% for an amount between EUR 300 and 350 million and the ACS Group maintains a 24.99% stake, with a joint governance structure. The remaining projects will be progressively incorporated into the Joint Venture.

On September 15, 2020, an agreement was reached with the Galp Energía Group (Galp), consisting of the sale of shares representing 75% of the capital of the company, which concentrates its investment on photovoltaic energy projects in Spain, both those currently in operation and those expected to be developed and operational starting from 2020 through to 2023. This represents a total installed capacity of 2,930 MW and an initial disbursement by Galp of EUR 325 million.

The total value of the company, once all the projects have been completed, is estimated at some EUR 2,200 million, with total net profits for the Group of approximately EUR 330 million, of which EUR 250 million was collected in the 2019 financial year.

In addition, on April 28, 2020, the ACS Group, through Iridium Concesiones de Infraestructura, S.A., completed the entire sales contract with the Hermes Infrastructure fund for 74% of the capital of a company holding all of the Group's shares in six shadow toll concessions in Spain. The operation was carried out with a company value (100%) of EUR 950 million and with capital gains on 74% of the total amount of EUR 40 million, part of which had already been collected in the 2019 financial year. As at December 31, 2019, these assets were classified under the item "Other" under the heading non-current assets held for sale. The remaining 26% stake has been classified under the heading "Investments accounted for using the equity method."

The ACS Group is currently either studying and analyzing the various sales options or is in the process of selling after duly obtaining the relevant authorizations and has therefore classified these assets under "Non-current assets held for sale, liabilities relating to non-current assets held for sale."

The increase in the total value of non-current assets held for sale during the 2020 financial year amounts to EUR 1,070,164 thousand and the increase in the liabilities associated with them amounts to EUR 1,059,028 thousand.

The amount relating to net debt included under assets and liabilities held for sale as at December 31, 2020, totals EUR 1,263,428 thousand (EUR 810,648 thousand as at December 31, 2019), of which EUR 995,363 thousand (EUR 727,666 thousand as at December 31, 2019) corresponds to renewable energies, EUR 74,998 thousand (EUR 66,485 thousand as at December 31, 2019) corresponds to transmission lines, no amount at all to highways (compared to EUR 14,056 thousand as at December 31, 2019) and EUR 193,067 thousand (EUR 2,441 thousand as at December 31, 2019) to other sectors. Within the total amount of the aforementioned net debt, EUR 524,269 thousand (EUR 401,817 thousand as at December 31, 2019) corresponds to project finance with limited recourse. Net debt is calculated using the arithmetical sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets and cash and cash equivalents.

2019 Financial Year

At December 31, 2019, non-current assets held for sale related mainly, in the Industrial Activity segment, to the renewable energy business (mainly photovoltaic plants, wind farms and solar thermal plants) and electricity transmission lines. Also noteworthy, within the concessions activity, are certain shadow toll roads located in Spain.

The detail of the main assets and liabilities held for sale at December 31, 2019, was as follows:

	Thousands of Euros				
	31/12/2019				
	Renewable energy	Transmission line	Highways / roads	Other	Total
Tangible assets - property, plant and equipment	24,039	—	—	10,205	34,244
Intangible assets	74,517	—	—	8,415	82,932
Non-current assets in projects	1,137,576	—	—	—	1,137,576
Financial Assets	201,910	213,315	39,773	28,078	483,076
Deferred tax assets	7,107	—	—	180	7,287
Other non-current assets	8,776	14,837	—	—	23,613
Current assets	328,482	3,346	7,756	2,659	342,243
Assets held for sale	**1,782,407**	**231,498**	**47,529**	**49,537**	**2,110,971**
Non-current liabilities	648,869	49,388	21,812	5,723	725,792
Current liabilities	431,518	28,303	—	1,441	461,262
Liabilities relating to assets held for sale	**1,080,387**	**77,691**	**21,812**	**7,164**	**1,187,054**
Non-controlling interests held for sale	**1,710**	**—**	**—**	**1,837**	**3,547**

The main changes in the year ended December 31, 2019, with respect to "Non-current assets held for sale, liabilities relating to non-current assets held for sale" included in the consolidated statement of financial position as at December 31, 2018, relate mainly to renewable energy assets, essentially photovoltaic solar energy plants and offshore wind farms built during the period.

As a result of the sale of 49.898% of the shares in Zero-E Euro Assets, S.A. under a joint control agreement, this sum was recorded at fair value based on the agreed sale price pending collection at the end of the 2019 financial year.

The megawatts of these companies sold correspond mainly to megawatts assigned to the 1,550 MW obtained by the Group in the 2017 auction. Construction of these assets began at the end of 2018 and was completed in the last quarter of 2019, when they began to feed energy into the grid within the deadlines set by the regulations applicable to the 2017 auction.

Consequently, the Group has deregistered the net assets relating to the aforementioned plants from the Consolidated Annual Accounts as at December 31, 2019 and has again recognized at fair value the assets corresponding to the 50.1% stake in these plants, which it holds after the aforementioned sale of 49.9% of the shares in Zero-E Euro Assets, S.A.

Therefore, the increase in the total value of the non-current assets held for sale during the 2019 financial year amounted to EUR 1,077,062 thousand and the increase in the liabilities associated with them amounted to EUR 650,457 thousand, mainly as a result of the transactions that have been described above.

The income and expenses recognized under "Valuation adjustments" in the consolidated statement of changes in equity, which relate to operations considered to be held for sale as at December 31, 2020 and 2019, are as follows:

	Thousands of Euros			
	31/12/2020			
	Renewable energy	Transmission line	Other	Total
Exchanges differences	(15,228)	(63,273)	(11,749)	(90,250)
Cash flow hedges	(7,846)	—	(4,720)	(12,566)
Adjustments for changes in value	**(23,074)**	**(63,273)**	**(16,469)**	**(102,816)**

	Thousands of Euros			
	31/12/2019			
	Renewable energy	Transmission line	Other	Total
Exchanges differences	(5,892)	(32,673)	(386)	(38,951)
Cash flow hedges	(1,177)	—	—	(1,177)
Adjustments for changes in value	**(7,069)**	**(32,673)**	**(386)**	**(40,128)**

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition and their sale must be highly probable.

Discontinued operations

The ACS Group has an indirect stake of 45% through CIMIC in BIC Contracting LLC (BICC), a company based in Dubai (United Arab Emirates), which at December 31, 2020 and 2019, has a book value of zero. The Group made the formal sales decision and a plan for the sale was initiated. The confidential divestiture process previously initiated with respect to the Group's investment in BICC has continued during the 2020 financial year. As a result of this process, on February 15, 2021, CIMIC signed a sales agreement with a third party outside the Group and this sale is expected to be completed in the coming months (see Note 32). In this context, the ACS Group has carried out an evaluation of the probability of the sale of the shareholding, concluding at the end of the 2020 financial year that there has been sufficient compliance with IFRS 5 criteria to consider the said shareholding as non-current assets held for sale.

Also, since BICC represents a specific geographical area of operations for the ACS Group (with no other permanent establishments in that area) and it is a component representing a specific geographical area of operations whose figures are significant, the ACS Group has considered BICC's operations as a discontinued operation.

On January 23, 2020, the ACS Group announced to the CNMV that CIMIC had completed an extensive strategic review of its financial investment in BIC Contracting LLC (BICC). In relation to the impact of the departure of BICC from CIMIC at the end of the 2019 financial year, certain liabilities and other accounts payable were recognized in the 2019 financial year, of which EUR 95,099 thousand remained outstanding as at December 31, 2020 under the heading "Trade and other payables" in the attached statement of financial position. In relation to this liability (BICC), as indicated in Note 03.23, payments of EUR 844.1

million in financial guarantees and other operational and financial expenses were made in the 2020 financial year, offset by the reduction of certain contingencies recorded during the period whose expenditure already incurred in 2019.

CIMIC continued to have a purchase option to acquire the remaining 55% of the stake in BICC. This option has no current impact on company control. Following the Group's decision to dispose of BICC as at December 31, 2019, it was determined that the fair value of the purchase option was zero euro, the same amount as at December 31, 2020.

The breakdown of the assets and liabilities for the discontinued operations at December 31, 2020, is as follows:

	Thousands of Euros
	31/12/2020
	BICC
Non-current assets	165,016
Current assets	663,451
Equity	(8,657)
Non-current liabilities	57,059
Current liabilities	780,065

The income and expenses amount recognized under "Valuation adjustments" in the consolidated statement of changes in equity, which relate to operations considered as discontinued operations as at December 31, 2019, is as follows:

	Thousands of Euros
	31/12/2020
	BICC
Translation differences	(3,553)

The breakdown of the results of the discontinued operations corresponding to the periods ended on December 31, 2020 and 2019, is as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
	BICC	BICC
Revenue	138,571	231,913
Operating expenses	(58,093)	(99,314)
Profit / (Loss) before tax	**32,440**	**(1,373,382)**
Income tax	—	492,654
Profit / (Loss)attributed to non-controlling interests	(32,440)	639,300
Profit / (Loss) attributable to the parent	**—**	**(241,428)**

In 2019, this includes the one-off impact before tax of EUR 1,694.6 million (AUD 2,724.7 million) for provisions and asset impairment in respect of Cimic's exit from the Middle East. In this context, EUR 230 million of the existing non-current provisions in 2019 were applied to cover international risks related to the Middle East. The tax effect of the aforementioned impacts is reflected under the Income Tax heading.

The breakdown of the cash flows statement from discontinued operations is as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
	BICC	BICC
Cash flows from operating activities	(31,765)	(484,787)
Cash flows from investing activities	(1,200)	(142,557)
Cash flows from financing activities	(4,947)	619,231
Net cash flows from discontinued operations	**(37,912)**	**(8,113)**

As at December 31, 2019, there were no assets and liabilities corresponding to any discontinued operations.

03.10. Equity

An equity instrument represents a residual interest in the net assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Parent Company are recognized in equity at the proceeds received, net of direct issue costs.

03.10.01. Share capital

Ordinary shares are classified as capital. There are no other types of shares.

Expenses directly attributable to the issue or acquisition of new shares are recognized in equity as a deduction from the amount thereof.

03.10.02. Treasury shares

The transactions involving treasury shares in 2020 and 2019 are summarized in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position as at December 31, 2020 and 2019.

When the Group acquires or sells treasury shares the amount paid or received for the treasury shares is recognized directly in equity. No loss or gain from the purchase, sale, issue or amortization of the Group's own equity instruments is recognized in the consolidated income statement for the year.

The shares of the Parent Company are measured at average acquisition cost.

03.10.03. Stock options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are considered as equity-settled. Accordingly, they are measured at their fair value on the date they are granted and charged to income, with a credit to equity, over the period in which they accrue based on the various periods of irrevocability of the options.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 28.03).

In addition, the Hochtief Group has granted options on Hochtief, A.G. shares to members of its management.

03.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment for its Services business. Evidence of compliance with the conditions established in the relevant decisions granting the subsidies was provided to the relevant competent agencies.

Government grants received by the Group to acquire assets are taken to income over the same period and on the same basis as those used to depreciate the asset relating to the aforementioned grant.

Government grants to compensate costs are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

A government grant receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

03.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities which are measured at amortized cost.

The Group eliminates financial liabilities when the obligations which have generated them are canceled.

The financial risk management policies of the ACS Group are detailed in Note 21.

03.12.01. Debentures, debt and other securities

Interest-bearing bank loans and overdrafts are recognized at the amount received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognized in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Exchange if debt instruments between the Group and the counterparty, or substantial modifications of the liabilities initially recorded, are recorded as a reconciliation of the original liability and the recognition of a new financial liability, provided the instruments have substantially different conditions. The Group considers that the conditions are substantially different if the present value of the cash flows discounted under the new conditions, including any fees paid net of any fees received and using the original effective interest rate to discount, differs by at least ten percent from the discounted present value of the cash flows that still remain from the original financial liability.

If the exchange is recorded as a cancellation of the original financial liability, the costs or fees are recognized in the consolidated income statement. Otherwise, the modified flows are discounted at the original effective interest rate, recognizing any difference in the previous carrying amount in profit or loss. The costs or fees also adjust the carrying amount of the financial liability and are amortized using the amortized cost method over the remaining life of the modified financial liability.

Bonds and other marketable securities, loans and credit facilities are subsequently valued at amortized cost.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the end of the reporting period.

03.12.02. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

The heading of trade payables is also used to classify outstanding balances payable to suppliers made through confirming contracts with financial institutions and the payments related thereto are also classified as trade flows since these operations do not incorporate either specific guarantees granted as pledges on the payments to be made nor any modifications that alter the commercial nature of the transactions.

03.12.03. Current/Non-current classification

In the accompanying consolidated statement of financial position debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

"Project finance with limited recourse" is classified based on the same criteria; the breakdown is shown in Note 18.

03.12.04. Retirement benefit obligations

a. Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans.

For defined contributions, the contributions made are recorded as expenditure under the heading "Personal expenses" in the consolidated income statement as they accrue.

ACS, Actividades de Construcción y Servicios, S.A. includes in defined benefit plans for Spanish companies those that are financed by the payment of insurance premiums in which there is a legal or implicit obligation to provide the employees with the promised benefits at the time when they become claimable. This obligation is satisfied through the insurance company.

ACS, Actividades de Construcción y Servicios, S.A. is required, under specific conditions, to make monthly payments to a group of employees to supplement the mandatory public social security system benefits for retirement, permanent disability, widowhood or death of a parent.

In this sense, for the defined benefit plans, actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognized on an accrual basis, classifying the normal cost for the current employees over their working lives under "Personal expenses" and recognizing the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognized at the beginning of each year (see Note 20).

The post-employment benefit obligations include, inter alia, those arising from certain companies of the Hochtief Group, for which the Group has recognized the related liabilities and whose recognition criteria are explained in Note 03.13.

b. Other employee benefit obligations

The expense relating to termination benefits is recognized in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognized in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05. Termination benefits

Under current legislation, Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no employee redundancy plans making it necessary to record a provision in this connection.

03.13. Provisions

The Group's Consolidated Annual Accounts include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the Consolidated Annual Accounts, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2020, certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations, which were not representative at the individual level. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the annual accounts for the years in which they are settled.

Provisions for employee termination benefit costs

Pursuant to current legislation, a provision is recognized to meet the cost of termination of temporary employees with a contract for project work.

Provisions for pensions and similar obligations

In the case of foreign companies whose post-employment benefit obligations are not externalized, the provisions for pensions and similar obligations recorded by various Hochtief Group companies stand out, as explained below.

Provisions for pensions and similar obligations are recognized for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. Turner’s obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature.

Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under "Non-current assets."

Amounts arising from the assessments of the defined benefit plans are recognized directly in the consolidated income statement during the period in which they arise. The current cost for the year is recognized under personnel expenses. The effect of interest on the increase in pension obligations, diminished by anticipated returns on plan assets (each calculated using the discount factor method for pension obligations), is reported in net investment and interest income.

Provisions for project completion

This corresponds to the estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognized under "Current provisions" on the liability side of the consolidated statements of financial position.

Decommissioning of fixed assets

The Group is obliged to decommission certain facilities at the end of their useful life at their location. The corresponding provisions have been made for this purpose and the present value of the cost of carrying out these tasks has been estimated, recognizing an asset as a balancing entry.

Other provisions

Other provisions mainly include provisions for warranty costs.

03.14. Risk management policy

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, essentially comprising interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

The Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

03.15. Financial derivatives

The ACS Group's activities are exposed to financial risks, mainly involving changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognized at fair value on the date on which the derivative agreement is signed and they are subsequently revalued at their fair value on the date of each balance statement. Accounting for subsequent changes in fair value depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged.

A financial derivative is a financial instrument or other agreement whose value is modified in response to changes in certain variables, such as the interest rate, the price of a financial instrument, the exchange rate, a credit rating or index, or depending on another, potentially non-financial variable.

Financial derivatives, in addition to producing profits or losses, may, under certain conditions, offset all or part of the risks of the exchange rate, interest rate or the value associated with balances and transactions. Hedges are accounted for as described below:

– Cash flow hedges: With this type of hedging, changes in the value of the hedging instrument are recorded temporarily in equity and are then charged to the income statement when the item in question is materialized.
– Fair value hedges: In this case, changes in the value of the hedging instrument are recognized in income, compensating for changes in the fair value of the hedged item.
– Net investment hedges in foreign business: These types of hedging transactions are intended to hedge foreign exchange risk and are treated as cash flow hedges.

In accordance with IFRS 9 "Financial instruments," an efficiency test must be carried out, consisting of a qualitative evaluation of the financial derivative in order to determine if it can be considered a hedging instrument and, therefore, effective.

The qualitative requirements that it should meet are the following:

– Identification and formal documentation in the origin of the hedging relationship, as well as the purpose of the same and the strategy assumed by the entity with respect to hedging.
– Documentation with identification of the hedged item, hedging instrument and nature of the risk being hedged.
– It must meet the effectiveness requirements, i.e., there is an economic relationship between the hedged item and the hedging instrument so that both generally move in directions opposite to the hedged risk. Likewise, credit risk should not have a dominant effect on changes in the value of the elements of the hedge and the hedge ratio should be equivalent to the percentage of exposure to the risk covered.

According to the qualitative effectiveness test, hedging will be considered fully effective as long as it meets these criteria. If this were not the case, hedging would cease to be treated as such, with the hedging relationship ceasing and the derivative accounting for its fair value, with changes in the income statement.

Once the effectiveness of the instruments has been evaluated, a quantitative analysis will be used to determine the accounting for them. This quantitative analysis consists of a retrospective part for purely accounting purposes as well as a prospective part with the objective of analyzing possible future deviations in the hedging relationship.

For the retrospective evaluation, the analysis is adapted to the type of hedging and the nature of the instruments used:

– In cash flow hedges, with regard to interest rate swaps (IRS) in which the Group receives a variable rate equivalent to that of the covered financing and pays a fixed rate, given that the objective is to reduce the variability of financing costs, the estimation of effectiveness is carried out through a test that determines whether changes in the fair value of the IRS cash flows offset the changes in the fair value of the hedged risk.

In terms of accounting, we follow the methodology of the hypothetical derivative typical of the quantitative evaluation of effectiveness, which establishes that the company will record in equity the lowest figure between the variation in the value of the hypothetical derivative (hedged position) and the variation of value of the contracted derivative, in absolute values. The difference between the value of the variation recorded in equity and the fair value of the derivative at the date on which the effectiveness test is being prepared will be considered an ineffective aspect and will be recorded directly in the income statement.

For cash flow hedges in which the hedging derivative instrument is not an IRS but an option or a forward, we must differentiate between the designated element and the non-designated element:

– For the designated element, the treatment will be similar to the one detailed for IRS.
– For the non-designated element (forward points or temporary value of the options), the change in the fair value of the same will be recognized in other comprehensive income to the extent that it relates to the hedged item and will be accumulated in a separate component of Equity. This amount will be reclassified from the separate component of Equity to the income for the period as a

reclassification adjustment in the same period or periods during which the expected future cash flows covered affect the income for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not meet the accounting criteria for hedges are recognized in the income statement as they occur.

The valuation is calculated by methods and techniques defined from observable inputs in the market, such as:

– Interest rate swaps have been valued by discounting all flows foreseen in the agreement according to their characteristics, such as the notional amount and the collection and payment schedule. For this valuation, the zero coupon rate curve determined using the deposits and swaps quoted at each moment through a "bootstrapping" process is employed and through this zero-coupon rate curve the discount factors used in the Valuations made under an assumption of Absence of Arbitration Opportunity (AOA) are obtained. In the cases in which the derivatives contemplate upper and lower limits ("cap" and "floor") or any combinations thereof, which may linked to special compliance, the interest rates used have been the same as in the swaps, although the generally accepted Black-Scholes methodology has been used to provide input to the randomness component in the exercise of the options.
– In the case of a cash flow hedge linked to inflation, the methodology used is very similar to that of the interest rate swaps. Expected inflation is estimated using quoted inflation, implicitly in swaps indexed to European ex-tobacco index fund inflation quoted on the market and assimilated to the Spanish index through a transition adjustment.

Equity swaps are measured as the result of the difference between the quoted price at year end and the strike price initially agreed upon, multiplied by the number of agreements reflected in the swap.

Derivatives whose underlying asset is quoted on an organized market and which are not qualified as hedges are measured using the Black-Scholes methodology, applying market parameters such as implicit volatility or estimated dividends.

For those derivatives whose underlying asset is quoted on an organized market, but in which the derivative forms part of a financing agreement and where its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the calculation date.

Derivatives contained in other financial instruments or in host contracts are recorded separately as derivatives only when their risks and characteristics are not closely related to the main agreements and provided that those principal contracts are not valued at fair value through recognition of changes in fair value in the consolidated comprehensive income statement.

The fair value includes the assessment of the credit risk of the counterparty in the case of the assets, or of the ACS Group in the case of liabilities, in accordance with the IFRS 13. Therefore, when a derivative presents unrealized gains, this amount is adjusted downward according to the risk of the banking counterparty due to make payment to a Group company, whereas when there are unrealized losses, this amount is reduced on the basis of own credit risk, as it will be the Group entity that will be required to pay the counterparty.

The evaluation of inherent and counterparty risk takes into account the existence of contractual guarantees (collateral), which can be used to compensate for a credit loss in the event of suspension of payments.

For impaired derivatives, the inherent credit risk that applies to adjust the market price is that of each individual company or project evaluated and not the Group or sub-group to which they belong. To do so, an internal rating is prepared for each company/project using objective parameters such as ratios, indicators, etc.

For derivatives with unrealized capital gains, since accounting standards do not provide a specific methodology that should be applied, an accepted "best practice" method has been used, which takes three elements into account in order to calculate the adjustment, to obtain the result by multiplying the level of exposure in the position by the probability of default and by any loss in the event of non-compliance.

In addition, a sensitivity test of derivatives and net financial indebtedness is performed in order to analyze the effect that a possible interest rate variation might produce in the Group's accounts, under the hypothesis of an increase and a decrease in the rates at year end in different variation scenarios (see Note 21). The procedure is similar for cases of exchange rate variation.

Meanwhile, gains or losses on fair value for credit risk of derivatives are recognized in the consolidated income statement when the derivatives are qualified as speculative (non-hedging); if the derivatives are classified as hedging instruments, recorded directly in equity, then the gains or losses on fair value are also recognized in equity.

Financial instruments valued after their initial recognition at fair value are classified in levels of 1 to 3 based on the degree to which fair value is observable (see Note 21).

Note 22 of these accompanying Consolidated Annual Accounts details the financial derivatives that the ACS Group has contracted, among other related aspects.

Interbank Interest Rate Reform

The Group maintains various hedging relationships with hedging instruments and hedged items whose reference interest rate is the Euribor. This reference interest rate is subject to reform, therefore certain long-term hedging relationships may be affected by it.

For this purpose, certain accounting criteria applicable to hedging transactions are subject to a temporary exemption, due to the reform of the interbank interest rate.

The Group finds that a hedging relationship is directly affected by the reform, only if the reform results in uncertainties regarding:

- The reference interest rate (specified contractually or not contractually) designated as a hedged risk; and/or
- The term or the amount of the flows of the reference interest rate of the hedged item or the hedging instrument.

The exceptions apply only to the requirements set out below while the remaining accounting requirements must be applied to the affected hedging relationships.

In determining whether a transaction is highly probable, the Group must assume that the reference interest rate on which the hedged flows are based will not be altered by the reform.

In determining whether future flows are expected to occur, the Group must assume that the reference interest rate on which the hedged flows are based will not be altered by the reform.

The Group must assume that the reference interest rate on which the hedged flows and/or hedged risk are based or the reference interest rate on which the hedged instrument flows are based shall not be altered as a result of the reform.

In this regard, the Group has assessed the potential impact that the reform of the bank interest rate will have on the financial statements, concluding that there will be no significant impact.

03.16. Revenue recognition

Revenue is measured at the fair value of the consideration paid or payable and for the goods received and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue and expenses are recognized 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.

Pursuant to IFRS 15, the Group identifies and separates the various commitments to transfer a good or service under a contract. This implies the separate recognition of revenue from each of the obligations that could be individually identified within the same main contract.

The Group also estimates the price of each of the contracts that have been identified taking into account (in addition to the initial price agreed in the contract) the amount of the variable compensation and the temporary value of the money (where a significant funding component is considered) and non-monetary compensation.

In cases where the amount is variable or in line with unapproved claims, the amount is estimated using the approach that best predict the amount to which the Group will be entitled, using either a probability-based expected value or the single most likely amount. The aforementioned compensation will only be recognized to the extent that it is considered highly likely that a significant reversal of recognized revenue will not occur when the associated uncertainty is resolved.

The following are some of the existing criteria for the activities carried on by the Group.

Building activity revenue:

Revenue:

Due to the nature of the activity, its revenue usually comes from long-term contracts where the start date and end date of the contract's activity are generally in different accounting periods, therefore the initial estimates of income and expenditure may be subject to variations that could affect the recognition of income, expenditure and profit and loss.

The Group acknowledges the results of construction contracts in accordance with the percentage-of-completion method, estimating this or with reference to the termination status of the activity produced by the contract at the balance sheet date, determined on the basis of the examination of the work carried out, or on the basis of the percentage of costs incurred compared to the total estimated costs. In the first case, based on the measurement of the units that have been completed, the executed production is recorded in each period as revenue and the costs are recognized according to the accrual corresponding to the units that have been completed. In the second case, revenue is recognized in the income statement based on the percentage of completion over costs (the costs incurred versus the total estimated costs in the contract), applied to the total project revenue that is considered highly likely to be obtained from the project. The latter is common in markets with an Anglo-Saxon influence and contracts without unit prices.

In some circumstances (for example, in the early stages of a contract), the Group may not be able to reasonably measure compliance with a performance obligation, even if the Group expects to recover the costs incurred to meet such a performance obligation. In these circumstances, the Group recognizes the revenue of ordinary activities only to the extent of the costs incurred so far as it can reasonably measure compliance with the performance obligation.

Also, in contracts where the estimated costs of a contract are considered to exceed the revenue from the contract, the expected losses are provided from the consolidated income statement for the year in which they are recognized.

Ordinary contract revenue is recognized considering the initial amount of the contract agreed with the customer, as well as modifications and claims on the contract to the extent that it is highly likely that income will be obtained from the contract, which can be reliably measured and does not imply a significant reversal in the future.

A contract modification is considered to exist when there is an instruction from the customer to change the scope of the contract. A claim is considered to exist on contracts when costs not included in the initial contract are incurred by the customer or third parties (delays, errors in specifications or design, etc.) and the contractor has the right to be compensated for the overcharges incurred either by the customer or by the third party from whom the overcharges originated.

These modifications and claims are included as revenue from the contract when the customer has approved the related work, either in writing, through a verbal agreement or tacitly in accordance with normal business practices, i.e. when payment is considered highly probable and there will be no significant reversal of revenue in the future.

In cases where the works are approved but not yet priced or where, although customer approval has not yet been obtained, the Group believes that final approval is highly likely due to negotiations being in an advanced state or due to the existence of internal technical and/or legal reports or independent experts that support it, the amount to be recorded as revenue is estimated in accordance with the definition of "variable compensation" set out in IFRS 15, i.e. using those methods that produce the best prediction of the compensation so that the most likely amount is obtained (a single most likely amount in a range of possible compensation amounts), taking into account all available information (historical, current and projected) that is reasonably available and only to the extent that it is highly likely that a significant reversal of the recognized amount of accumulated regular revenue will not occur when, subsequently, the uncertainty over the variable compensation is resolved.

As discussed previously, construction contracts are subject to estimates of revenue and costs that need to be reviewed by project managers as projects progress. Any modification of the estimates of revenue, expenses and the final profit or loss of the work is subject to revision by the different provisions of the Management and when they are verified and approved, the effect is treated as a change in the accounting estimate in the year in which it occurs and in subsequent periods, in accordance with the accounting regulations in force.

Expenses:

Project costs include those directly related to the main contract and any amendments or claims associated with the contract. They also include those costs related to the contracting activity of each contract such as insurance, consultants, design and technical assistance, etc.

These costs are recognized on an accrual basis, with the costs related to the executed work units and the total indirect costs of the contract attributable to them being recorded as expenditure.

Those expenses related to future contract activity such as insurance premiums, work facilities, consultants, design and other work prior to the start of the work are initially recognized as assets in the Inventories chapter, provided that they are considered necessary for the performance of the contract and that they will be recovered with the execution of the contract, being recognized in the income statement according to the percentage of completion of the contract.

The costs of removal of machinery, dismantling of site installations, maintenance during the warranty period and those costs that can occur from the completion of the work to the final payment of the work, are accrued throughout the period of the work, as they take into account more of the cost of the work and relate to both the completed work units and the future activity of the contract.

With regard to the allocation to the amortization of fixed assets involved in the execution of the contract, for those assets with an estimated useful life that matches the duration of the contract, amortization is carried out during the execution of the contract being fully amortized upon completion. For machinery with a useful life that exceeds the duration of the contract, its amortization is distributed on the basis of technical criteria among the different contracts to which it will be allocated and amortized on a straight-line basis during the course of each contract.

Late interest due to the delay in the customer's payment of work certifications is recorded as financial income only when it can be reliably measured and its collection is reasonably assured.

The Group Companies record in the Trade and other receivables chapter in the "Completed work pending certification" account the positive difference between the recognized revenue of a contract and the amount related to the certifications from the same. They also record in the Trade and other payables chapter in the "Advances received on orders" account the amount of advance certifications for various items, including advances received from the customer.

03.16.01. Construction Activities

In construction contracts, as a general rule a single performance obligation is identified due to the high degree of integration and customization of the different goods and services to offer a joint product, which is transferred to the customer over time.

As indicated above, the method chosen by the ACS Group as the preferred method is the "measured unit of work" within the output method, which is applied provided that during execution the progress of the work carried out can be measured and there is an allocation of prices to each unit of work.

The input method known as "percentage of completion over costs," can only be applied in those contracts where it is not possible to determine the unit price of the units to be executed.

In this case, revenue is recognized in the income statement based on the percentage of completion over costs (costs incurred versus total estimated costs in the contract), applied to the total project revenue that is considered highly likely to be obtained from the project.

03.16.02. Industrial services, Services and Other Activities

In this case there is no single type of contract due to the great diversity of services provided. In general, contracts include various tasks and unit prices where revenues are recorded in the income statement when services are provided on a time elapsed basis, i.e. when the customer simultaneously receives and consumes the benefits provided by the service performance as it occurs. This is the case, for example, for recurrent or routine services such as facilities management, cleaning, etc.

Certain contracts include different types of activities that are subject to fixed unit price tables for the provision of the services that are delivered and that form part of the complete contract. The customer requests each service through work orders that are considered an independent performance obligation and the associated revenue recognition will be made depending on the specific requirements established in the contract for approval.

For complex long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), for which payment is made periodically and the price corresponding to the aforementioned obligations is indicated in the contract or can be determined, revenue is recognized for the recurring services using the elapsed time method and the percentage-of-completion method for more complex performance obligations for which it is not possible to assign prices to each of the units performed.

3.17. Expense recognition

An expense is recognized in the consolidated income statement when there is a decrease in the future economic benefits as a result of a reduction of an asset, or an increase in a liability, which can be reliably measured. This means that an expense is recognized simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognized immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognized when a liability is incurred and no asset is recognized, as in the case of a liability relating to a guarantee.

03.18. Offsetting

Asset and liability balances must be offset and the net amount is presented in the consolidated statement of financial position when and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Group companies intend to settle them on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity. The ACS Group compensates the deferred tax assets and deferred tax liabilities if and only if, the entity:

(a) has the right, legally enforceable, to compensate the recognized amounts; and

(b) intends to settle for the net amount, or to realize the asset and liquidate the liability simultaneously.

03.19. Income tax

The corporate income tax expense represents the sum of the current tax expense payable in the year and the change in deferred tax assets and liabilities.

The current corporate income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognized for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilized and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognized if it is probable that the consolidated companies will have sufficient future taxable profits against which they can be utilized.

The deferred tax assets and liabilities recognized are reassessed at the end of each reporting period in order to ascertain whether they still exist and the appropriate adjustments are made on the basis of the findings of the analyses performed. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity.

The Spanish companies that are more than 75% owned by the Parent Company file consolidated tax returns, as part of Tax Group 30/99, in accordance with current legislation.

Tax uncertainties

If the Group determines that the tax authority is not likely to accept uncertain tax treatment or a group of uncertain tax treatments, it considers such uncertainty in determining the tax base, the carrying amounts, the credits for negative carrying amounts, deductions or tax rates. The Group determines the effect of uncertainty on corporate income tax reporting by the expected amount method, when the range of possible outcomes is highly dispersed or the most likely outcome method when the outcome is binary or concentrated on a value. In cases where the tax asset or liability calculated using these criteria exceeds the amount presented in the self-assessments, it is presented as current or non-current in the consolidated statement of financial position on the basis of the expected date of recovery or liquidation, whereas, where appropriate, the amount of the corresponding late interest on the liability as it accrues on the income statement. The Group records changes in facts and circumstances regarding tax uncertainties as a change of estimate.

03.20. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent Company held by the Group companies (see Note 31.01).

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent Company. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

The ACS share option plan currently in force (Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. As at December 31, 2020, as a result of the simultaneous capital increase and reduction in 2021, for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for 2020 are the same.

03.21. Foreign currency transactions

The Group's reporting currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognized by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognized in the functional currency of the Group, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euro at the rates prevailing at the end of the reporting period. Non-monetary items measured at historical cost are translated to euro at the exchange rates prevailing on the date of the transaction.

The exchange rates of the main currencies in which the ACS Group operates in 2020 and 2019 are as follows:

	Average exchange rate		Closing exchange rate	
	2020	2019	2020	2019
1 U.S. Dollar (USD)	0.872	0.893	0.815	0.890
1 Australian Dollar (AUD)	0.604	0.622	0.629	0.625
1 Polish Zloty (PLN)	0.224	0.233	0.220	0.235
1 Brazilian Real (BRL)	0.166	0.227	0.158	0.222
1 Mexican Peso (MXN)	0.040	0.046	0.041	0.047
1 Canadian Dollar (CAD)	0.651	0.676	0.643	0.687
1 British Pound (GBP)	1.127	1.144	1.119	1.183
1 Argentine Peso (ARS)	0.012	0.018	0.010	0.015
1 Saudi Riyal (SAR)	0.232	0.239	0.217	0.238

All exchange rates are in euro.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognized in the consolidated income statement for the year, except for items that form part of an investment in a foreign operation, which are recognized directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euro at the exchange rates prevailing at the date of the consolidated income statement. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any exchange differences arising are classified as equity. Such exchange differences are recognized as income or as expenses in the period in which the investment is made or disposed of.

Goodwill and fair value adjustments arising on the acquisition of a company the functional currency of which is not the euro are treated as assets and liabilities of the foreign company and are translated at the closing rate.

03.22. Entities and branches located in hyperinflationary economies

Given the economic situation in Venezuela and in accordance with the definition of hyperinflationary economy provided by IAS 29, the country has been classified as hyperinflationary since 2009 and at the end of 2020 it continued to be classified as such. The ACS Group has investments in Venezuela through subsidiaries of the Construction and Industrial Services divisions; the amounts outstanding as at December 31, 2020 and 2019, with the volume of transactions in the years 2020 and 2019 being immaterial.

In 2020 and 2019, the Group recognized the relevant impact when considering the hyperinflationary economic situation in Argentina, with respect to its ownership interests in subsidiaries in the Construction and Industrial Services Division, the impact of which was immaterial for the ACS Group.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRS. Accordingly, at year-end 2020 and 2019 it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

03.23. Consolidated Statement of Cash Flows

The below terms are used in the following senses in the consolidated statement of cash flow:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

In view of the diversity of its businesses and activities, the Group opted to report cash flows using the indirect method.

In preparing the consolidated statement of cash flows, cash and cash equivalents were considered to be "cash on hand," demand deposits at banks and short-term, highly liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

The breakdown of the "Other adjustments to profit (net)" heading of the consolidated statement of cash flows for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019 (**)
Financial income	(150,736)	(187,638)
Financial costs	422,515	497,202
Impairment and gains on the disposals of non-current assets	(1,091,886)	(296,085)
Ordinary results of companies accounted for using the equity method	(196,902)	(553,310)
Non-ordinary results of companies accounted for using the equity method	(10,712)	(4,555)
Impairment and gains or losses on disposal of financial instruments	(108,622)	(3,627)
Changes in the fair value of financial instruments	(77,635)	(30,075)
Other effects (*)	722,021	(110,996)
Total	**(491,957)**	**(689,084)**

(*) Includes the reversal in income of EUR 694 million corresponding to the conclusion of the arbitration on the Gorgon Jetty project (see Note 12.01).

(**) Data restated.

The breakdown of the "Interest received" heading of the consolidated statement of cash flows for 2020 and 2019 is as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
Operative interest received	106,926	121,406
Interest received from bank accounts	15,306	22,066
Other non-operative	11,295	25,152
Total	**133,527**	**168,624**

In preparing the consolidated statement of cash flows for 2020 and 2019, the section on cash flows from financing activities, "Equity instruments proceeds / (and payment)" includes the acquisitions of ACS treasury shares (see Note 15.04). In addition, in the 2020 financial year, this heading includes the acquisitions of Hochtief's self-portfolio shares (EUR 168.1 million), as well as the acquisition of CIMIC shares by Hochtief (EUR 103.2 million) and the self-portfolio acquired by CIMIC (EUR 170.4 million).

In relation to the shareholding in BIC Contracting LLC (BICC), EUR 844.1 million was collected in 2020 (EUR 248 million in 2019), as a cash exit under the heading "Other financing activity proceeds and payables" in the statement of cash flow, as a result of the obligations assumed in 2019 after the departure from BICC.

In relation to cash flows, in accordance with IFRS 16.50, cash payments for the interest portion of the lease liability are considered as financing activities and continue to be classified by applying the same alternative as permitted by IAS 7.33 Statement of Cash Flow in force for financial interests.

In relation to cash flows from investments in property, plant and equipment, intangible assets, projects and investment property made in the year, a distinction must be made between operational and non-operational investments. The details are as follows:

	Thousands of Euros	
	2020	2019 (*)
Operational Investments	**546,613**	**743,935**
- Kinkardine Floating Offshore Wind Project in Scotland	204,353	126,694
- Photovoltaic Projects in Spain	15,472	223,470
- Wind Farms Projects in Spain	49,863	25,687
- Other projects	60,160	—
Investments in Projects	**329,848**	**375,851**
Investment Headquarters Hochtief	**—**	**45,000**
Investment in tangible assets, intangible assets, projects and real estate investments	**876,461**	**1,164,786**

(*) Data restated

The reconciliation of the carrying amount of the liabilities arising from financing activities, separately distinguishing the changes that generate cash flows from those that do not for 2020 and for 2019, are as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019 (*)
Initial net debt (Note 21)	**(1,019,404)**	**(565,164)**
Cash flows		
Issue of financial liabilities	(7,785,734)	(6,434,556)
Amortization of financial liabilities	5,881,261	4,362,786
Cash and cash equivalents	374,641	994,138
No Impact of Flows		
Change in net debt held for sale (Note 03.09)	452,780	427,998
Exchange difference	(200,246)	51,892
Reclassifications	561,207	284,657
Change in the scope of consolidation and others	(84,276)	(141,155)
Final net debt (Note 21)	**(1,819,771)**	**(1,019,404)**

(*) Data restated

03.24 Entry into force of new accounting standards

Changes in accounting policies

During the 2020 financial year, the following mandatory standards and interpretations, already adopted by the European Union, came into force and, where applicable, were used by the Group in the preparation of the Consolidated Annual Accounts:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning January 1, 2020:

Approved for use in the European Union		**Mandatory application in the years from:**
Amendment to IAS 1 and IAS 8 Definition of "materiality"	Amendments to IAS 1 and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework	January 01, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Benchmark Interest Rate Reform - Phase 1	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of benchmarks (first phase).	
Amendment to IFRS 3 Definition of business	Clarifications to business definition	
Amendments to IFRS 16 Leases Improvements in income	An amendment to make it easier for lessees to account for income improvements related to Covid-19.	June 01, 2020

With respect to IFRS 9, IAS 39 and IFRS 7, the IASB has modified certain requirements of hedging relationships to be able to continue to apply hedge accounting on the assumption that certain benchmark interest rates on which the cash flows of hedge instruments and hedged items are based are not affected by the uncertainties generated by the reform of supply interest rates in the interbank market (IBOR indices). As at December 31, 2020, Phase I of this amendment has already been completed and has not been significant for the Group.

The ACS Group has chosen to implement the practical solution provided for in the "Amendment to IFRS 16 Leases – Rent Improvements" which entered into force on June 1, 2020, simplifying the accounting of an improvement in income related to Covid-19. The amendment exempts lessees from having to re-evaluate lease agreements in the event of lease payment suspensions or renegotiations on the deferral of payment of leases earned during the 2020 financial year that fulfilled the conditions described in the amendment to the regulations and allows for the registration of these improvements as income from variable yields. The impact on the Group has not been significant since the contracts most affected by the decrease in activity linked to Covid-19 have not met the conditions laid down in the amendment.

The rest of the rules have been applied without any significant impact on the figures reported, nor on the presentation and breakdown of the information, either because it does not imply any relevant changes or because it refers to economic facts that do not affect the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning January 1, 2020 (applicable from 2021 onwards):

At the date on which these Consolidated Annual Accounts were drawn up, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the Consolidated Annual Accounts or because they had not yet been adopted by the European Union:

Approved for use in the European Union		**Mandatory application in the years from:**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Benchmark Interest Rate Reform – Phase 2	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to benchmark reform (second phase).	January 01, 2021
Amendment to IFRS 4 Deferment of the application of IFRS 9	Deferral of the application of IFRS 9 until 2023.	

Not approved for use in the European Union		Mandatory application in the years from:
Amendment to IFRS 3 Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to align the definitions of assets and liabilities in a combination of businesses with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recording of contingent liabilities and assets.	January 01, 2022
Amendment to IAS 16 Revenue earned before intended use (published in May 2020)	The amendment prohibits deducting from the cost of an item of property, plant or equipment any income obtained from the sale of the articles produced while the entity is preparing the asset for its intended use. Revenue from the sale of such samples, together with production costs, must be recorded in the income statement.	
Amendment to IAS 37 Onerous contracts - Cost of fulfilling a contract (published in May 2020)	The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the fulfillment of the contract.	
Improvements to the 2018–2020 IFRS Cycle (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	
Amendment to IAS 1 Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current.	January 01, 2023
IFRS 17 Insurance contracts and amendments thereto (published in May 2017 and the amendments in June 2020)	Replaces IFRS 4 and draws together the principles of recording, valuation, presentation and breakdown in insurance contracts, with the aim that the entity provides relevant and reliable information which allows those using the financial information to determine the effect the insurance contracts have on the financial statements.	January 01, 2023
Amendment to IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	The amendments will help distinguish changes in accounting estimates from changes in accounting policies.	January 01, 2023
Amendments to IAS 1 Presentation of Financial Statements Disclosure of accounting policies	The amendments will help improve disclosures about accounting policies to provide more useful information to investors and other primary users of financial statements.	January 01, 2023

With respect to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16, the IASB continues to develop guidelines and amendments to address the various accounting considerations that may arise when different IBORs are modified or replaced by others. This second phase proposes certain practical solutions, clarifications and exceptions, with the aim of reflecting in the best possible way financial assets and liabilities and lease liabilities in the financial statements of the entities as a result of the IBOR reform.

The Directors do not expect significant impacts from the introduction of this amendment or from those summarized in the previous table published but which have not entered into force, as they are prospective applications, modifications of presentation and breakdown and/or deal with aspects not applicable or not significant to the Group's operations.

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2020 and 2019 is as follows:

Line of Business	Thousands of Euros							
	Balance at 31/12/2019 (*)	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2020**
Parent	**743,140**	—	—	—	—	—	—	**743,140**
Infrastructure	**2,297,502**	(89,303)	—	(244,675)	—	(29,550)	840	**1,934,814**
Industrial Services	**58,991**	(3,829)	532	—	—	(592)	(10,921)	**44,181**
Services	**137,817**	—	4,684	—	—	(1,583)	—	**140,918**
Total	**3,237,450**	**(93,132)**	**5,216**	**(244,675)**	**—**	**(31,725)**	**(10,081)**	**2,863,053**

(*) Data restated.

Line of Business	Thousands of Euros							
	Balance at 31/12/2018 (*)	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2019 (*)**
Parent	**743,140**	—	—	—	—	—	—	**743,140**
Infrastructure	**3,018,392**	21,138	—	(716)	(768,769)	28,374	(917)	**2,297,502**
Industrial Services	**43,845**	—	11,285	(18)	—	50	3,829	**58,991**
Services	**129,510**	—	6,522	—	—	1,785	—	**137,817**
Total	**3,934,887**	**21,138**	**17,807**	**(734)**	**(768,769)**	**30,209**	**2,912**	**3,237,450**

(*) Data restated.

In accordance with the above table, the most significant goodwill is the result of the global consolidation of Hochtief, A.G. in the amount of EUR 1,144,226 thousand as at December 31, 2020 (EUR 1,495,749 thousand as at December 31, 2019), and the result of the merger of the Parent Company with Grupo Dragados, S.A. which amounts to EUR 743,140 thousand (EUR 743,140 thousand as at December 31, 2019).

During the 2020 financial year, the most relevant variation relates to a reduction of EUR 244,675 thousand resulting from the loss of control in the sale of 50% of Thiess's share capital and the joint venture agreement with Elliott (see Note 02.02.f). This company was fully consolidated, and, therefore, the deconsolidation of all the assets and liabilities of this company led to the suspension of the share of the value corresponding to Thiess in the goodwill assigned to the business in Hochtief Asia Pacific, which continues to be recognized.

The restatement resulting from the full consolidation of BICC Contracting LCC resulted in an increase in goodwill in the amount of EUR 857,147 thousand in goodwill as of January 1, 2019. On January 23, 2020, the ACS Group announced to the CNMV that Cimic had completed an extensive strategic review of its financial investment in BIC Contracting LLC (BICC). As a result of this decision and on the basis of the impairment test performed on BICC, Cimic has recognized an impairment of EUR 762 million as of December 31, 2019. In this context, the recoverable amount of BICC was calculated on the basis of the value in use determined by a discounted cash flow model compared to the book value, bringing the book value to reached, after adjustments for translation differences, an amount of EUR 116 million. For the impairment test as of December 31, 2020, the recoverable amount was determined by the fair value less selling costs based on the purchase price of AED 1 defined in the purchase agreement dated February 15, 2021 with SALD. The net book value of BICC, including goodwill of EUR 89 million after conversion adjustments as of December 31, 2020, is consistent with the recoverable amount. Therefore, there is no need to impair the goodwill.

As regards goodwill, as a general rule on September 30 each year, the ACS Group compares the carrying amount of the related company or cash-generating unit (CGU) against its value in use, determined by the discounted cash flow valuation method. In this sense and given the current context provoked by Covid-19, during the 2020 financial year, an impairment test was carried out on June 30, 2020, to assess the recoverability of the most significant goodwill items and the said tests were updated on September 30 if there were significant deviations in relation to the procedure conducted on June 30, 2020. In this respect, in the case of Hochtief it was repeated on September 30, given the partial divestment in Thiess.

As regards the goodwill generated by the purchase of Hochtief, A.G. in 2011, said goodwill was, in accordance with IAS 36.80, allocated to the main cash-generating units that were in Hochtief Asia Pacific and Hochtief Americas. The value of the goodwill allocated to the Hochtief Asia Pacific business amounted to EUR 857 million (EUR 1,209 million as at December 31, 2019) after the sale of 50% of Thiess on December 31, 2020, while the Hochtief Americas business was allocated EUR 287 million. In 2020, the ACS Group evaluated the recoverability of these items.

For the purpose of testing the impairment of the goodwill of Hochtief assigned to the business carried out by Hochtief Asia Pacific, the ACS Group based its valuation for the 2021 financial year on Hochtief's estimates for this division and the internal projections for the period 2022 to 2025, discounting the free cash flows at a weighted average cost of capital (WACC) of 7.63% and using a perpetual growth rate of 2.4%. The weighted average cost of capital (WACC) represents a profitability premium on the long-term rate of interest (ten-year Australian Bond) published by Bloomberg at September 30, 2020, standing at 684 basis points. Similarly, the perpetual growth rate used corresponds to the estimated CPI for Australia for the year 2025 as published by the IMF in its World Economic Outlook report for October, 2020. The effect of the sale of 50% of Thiess and the joint venture agreement with Elliott has been taken into account.

In the case of the sensitivity analysis for the impairment test relating to the goodwill assigned to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test withstands a discount rate of up to approximately 8.5%, representing a range of approximately 88 basis points, as well as a perpetuity growth rate of 1.37%. Also, it would withstand an annual drop in cash flows of approximately 18% with regard to the projected flows.

This value has been contrasted with the market price of CIMIC as at December 31, 2020, concluding that there is no deterioration.

In the case of the Hochtief Americas business, the following basic assumptions have been made:

- Forecasts used for the division for five years, until 2022, according to the Hochtief Business Plan and estimates for the 2023–2025 period.
- Perpetual growth rate of 2.2%, according to the IMF estimate with regard to the CPI for the US in 2025, based on the World Economic Outlook report published by the IMF in October 2020.
- A discount rate of 5.34% has also been assumed.

As for the sensitivity analysis of the impairment test for the goodwill assigned to Hochtief Americas, the most relevant aspects are that the goodwill test, even assuming a cash position of zero euro, can withstand a discount rate of over three digits and would withstand an annual fall in cash flows of more than 90% of the projected flows.

It should also be pointed out that the stock price for Hochtief, A.G. at December 31, 2020 (EUR 79.55 per share) was significantly higher than the carrying cost.

Along with the goodwill arising from the aforementioned full consolidation of Hochtief, A.G., the most significant goodwill, which amounted to EUR 743,140 thousand (EUR 743,140 thousand at December 31, 2019), arose from the merger with Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was assigned mainly to the cash-generating units of Dragados Construcción y Servicios Industriales according to the following breakdown:

Cash-generating unit	Goodwill allocated
	Thousands of euros
Infrastructure	554,420
Industrial Services	188,720
Total goodwill	**743,140**

In this context, the ACS Group in the first half of 2020 assessed the recoverability of the same, comparing the carrying amount of the related company or cash-generating unit (CGU) against its value in use, determined by the discounted cash flow valuation method, with internal projections for each of the companies. There have been no significant changes in the estimates used in the assessment during the second half of 2020, so it has not been considered necessary to update the tests at the end of the year. In this respect, the existence of a non-binding offer by VINCI for the ACS Group, notified to the market in October by the Industrial Services business, confirms the valuation resulting from the impairment test carried out in June 2020.

The discount rate used in each business unit is its weighted average capital cost. In order to calculate the discount rate of each business unit the yield of ten-year Spanish government bonds was used, the deleveraging beta of the sector according to Damodaran, releveraged by the debt of each business unit and the market risk premium according to Damodaran. The cost of the gross debt is the consolidated effective cost of the debt of each business unit at June 2020 and the tax rate used is the theoretical tax rate for Spain. The perpetual growth rate (g) used is the CPI increase in 2024 for Spain according to the IMF report issued in October 2019.

The key assumptions used to measure the group of the most significant cash-generating units were as follows:

- Dragados Construcción:
  - Sales: compound annual growth rate during the period from 2021 to 2025 of 0.7%.
  - EBITDA margins: average margin from 2021–2025 of 5.1% and final margin of 5.1%.
  - Amortizations/operating investments: convergence to a ratio of sales of up to 0.9% in the last projection year.
  - Working capital: maintenance of the days of working capital for the period, calculated based on the figures for the end of December 2020.
  - A perpetual growth rate of 1.8%.
  - A discount rate of 7.73%.
- Industrial Services:
  - Sales: compound annual growth rate during the period from 2021 to 2025 of 0.7%.
  - EBITDA margins: average margin for 2021–2025 of 9.9% and final margin of 9.9%.
  - Amortizations/operating investments: convergence to a ratio of sales of up to 1.5% in the last projection year.
  - Working capital: maintenance of the days of working capital for the period, calculated based on the figures for the end of December 2020.
  - A perpetual growth rate of 1.8%.
  - A discount rate of 7.73%.

In addition, it should be noted that the main variables considered in the above-mentioned test have not significantly deferred from those contemplated in the impairment test of the previous year, except for the considerations regarding the estimated potential impacts of Covid-19.

After testing the impairment of each one of the groups of cash-generating units to which the goodwill arising from the merger with Dragados Group in 2003 is assigned, it has been determined, with the aforementioned assumptions that under no circumstances is the estimated recoverable amount of the cash-generating unit less than its carrying amount, as there is no evidence of its impairment.

No reasonable scenario gave rise for the need to recognize an impairment loss. Impairment tests of the main cash-generating units such as Construction and Industrial Services support substantial increases in discount rates of over 950 basis points and significant negative deviations (over 55%) in budgeted cash flows without incurring impairment.

According to the above, the Directors consider that the sensitivity ranges of the test with regard to the key assumptions are within a reasonable range, so that no deterioration can be detected either in 2020 or in 2019.

The remaining goodwill, excluding that generated by the merger between ACS and the Grupo Dragados and the goodwill arising from the full consolidation of Hochtief, A.G., is highly fragmented. Thus, in the case of the Industrial Services area, the total goodwill on the statement of financial position amounts to EUR 44,181 thousand (EUR 58,991 thousand as at December 31, 2019), which relates to 12 companies from this business area, the most significant relating to the acquisition of Oficina Técnica de Estudios y Control de Obras, S.A. for EUR 12,351 thousand (EUR 12,351 thousand as at December 31, 2019), Sociedad Ibérica de Construcciones Eléctricas, S.A. for EUR 11,709 thousand (EUR 11,709 thousand as at December 31, 2019) and Electromur, S.A. for EUR 6,661 thousand (EUR 6,661 thousand as at December 31, 2019).

In the Services division, the total amount comes to EUR 140,918 thousand (EUR 137,817 thousand as at December 31, 2019), corresponding to 19 different companies, the largest of which is that relating to the purchase of 25% of Clece for the amount of EUR 115,902 thousand (EUR 115,902 thousand as at December 31, 2019).

In the Construction area, in addition to the goodwill arising from the full consolidation of Hochtief, A.G., noteworthy is the goodwill arising on the acquisitions of Pulice for EUR 50,400 thousand (EUR 55,052 thousand as at December 31, 2019), Schiavone for EUR 48,660 thousand (EUR 53,151 thousand as at December 31, 2019), and John P. Picone for EUR 44,061 thousand (EUR 48,127 thousand as at December 31, 2019) and those from the Hochtief Group after takeover.

In these areas, the calculated impairment test is based upon scenarios similar to those that have been described for each area of activity or in the case of Dragados Group goodwill, taking into account the necessary adjustments based upon the peculiarities, geographical markets and specific circumstances of the affected companies.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the net value of the goodwill recognized as at December 31, 2020.

As indicated in IAS 36, as at December 31, 2020, the Group has not found any relevant impairment indicators for goodwill and other assets subject to impairment testing. There have been no significant variations in the assumptions used in the impairment tests on the Group's goodwill that could represent a significant risk of recognition of impairment in future. It should be noted that the market value of the holding in Hochtief is higher than its book value.

During the 2020 financial year, there have been no value losses suffered by the ACS Group's goodwill. For the 2019 financial year, impairment losses of EUR 768,769 thousand were recognized in relation to the ACS Group's goodwill.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2020 and 2019 were as follows:

	Thousands of Euros							
	Development	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January of 2019	**5,545**	**39,817**	**315,137**	**2,000,818**	**2,361,317**	**(1,341,976)**	**(55,963)**	**963,378**
Changes in the scope of consolidation	—	1,427	18,841	831	**21,099**	90	—	**21,189**
Additions or charges for the year	3,857	3,388	15,319	53,341	**75,905**	(99,508)	(1,351)	**(24,954)**
Disposals or reductions	—	(1,900)	(22,581)	(563)	**(25,044)**	8,708	—	**(16,336)**
Exchange differences	—	118	2,202	3,861	**6,181**	(1,723)	(952)	**3,506**
Transfers to/from other assets	(964)	51	(27,705)	29,945	**1,327**	(2,213)	12	**(874)**
Balance at December 31, 2019	**8,438**	**42,901**	**301,213**	**2,088,233**	**2,440,785**	**(1,436,622)**	**(58,254)**	**945,909**
Changes in the scope of consolidation	—	238	11,025	(143,614)	**(132,351)**	43,937	6,502	**(81,912)**
Additions or charges for the year	5,613	2,595	13,371	43,603	**65,182**	(106,521)	(11,339)	**(52,678)**
Disposals or reductions	—	(1,252)	(6,550)	(2,454)	**(10,256)**	9,730	3	**(523)**
Exchange differences	—	(729)	(2,240)	(28,013)	**(30,982)**	7,865	4,429	**(18,688)**
Transfers to/from other assets	—	358	2,128	3,468	**5,954**	(1,936)	—	**4,018**
Balance at December 31, 2020	**14,051**	**44,111**	**318,947**	**1,961,223**	**2,338,332**	**(1,483,547)**	**(58,659)**	**796,126**

Additions in 2020 amounted to EUR 65,182 thousand (EUR 75,905 thousand in 2019) corresponding mainly to Industrial Services amounting to EUR 47,978 thousand (EUR 57,100 thousand in 2019), to Hochtief in the amount of EUR 15,959 thousand (EUR 16,268 thousand in 2019), to Services in the amount of EUR 792 thousand (EUR 643 thousand in 2019) and Dragados in the amount of EUR 361 thousand (EUR 1,432 thousand in 2019). As a result of the sale of Thiess, intangible assets have been derecognized in the amount of EUR 104 million.

During 2020, the impairment losses were recorded of items classified as "Other intangible assets" for EUR 11,339 thousand (EUR 1,351 thousand in 2019). Losses of value have not been carried forward to the consolidated income statements of 2020 and 2019.

The main assets under the heading "Other intangible assets" correspond to those generated in the first Hochtief consolidation process as a result of the allocation of the price to the fair value of the assets acquired and the liabilities assumed under the PPA ("Purchase Price Allocation"). From this process, Hochtief's construction backlog stands out (mainly due to contracts in the Americas and Pacific Asia), prior to deteriorations and impairments, amounting to EUR 603,655 thousand (EUR 603,655 thousand as at December 31, 2019), which are completely amortized, to the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand as at December 31, 2019) and to the contractual relationships with clients of the Hochtief Group amounting to EUR 598,189 thousand (EUR 722,779 thousand as at December 31, 2019) whose decrease in 2020 was due to the sale of Thiess. The accumulated amortization of the aforementioned assets, once the share associated with Thiess has been discounted in the financial year, amounts to EUR 996,511 thousand (EUR 991,164 thousand as at December 31, 2019). The amortization amount for the financial years 2020 and 2019 amounts to EUR 45,147 thousand.

In 2020 and 2019, no development expenditure was recognized as an expense in the consolidated income statement for 2020 and 2019 respectively.

At December 31, 2020, the amount of assets with an indefinite useful life other than those reported as "Goodwill," relate mainly the trademarks of the Hochtief Americas and Hochtief Asia Pacific divisions amounting to EUR 40,269 thousand (EUR 44,581 thousand as at December 31, 2019). The variations between the years have been caused by sales in the Hochtief Americas division and by the exchange rate.

Its possible impairment is verified annually. There have been no significant impairments in the value of these assets in the 2020 and 2019 financial years.

At the end of 2020, the ACS Group had fully amortized intangible assets still in use whose gross carrying value amounted to EUR 650,045 thousand (EUR 653,072 thousand as at December 31, 2019).

There were no material intangible asset items whose title was restricted in 2020 or 2019.

05. Tangible assets - property, plant and equipment

The changes in this heading in the consolidated statement of financial position in 2020 and 2019 were as follows:

	Thousands of Euros							
	Land and buildings	Plant and machinery	Other intangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance 1 January 1, 2019 (*)	**1,472,847**	**3,606,937**	**941,451**	**82,428**	**6,103,664**	**(3,584,318)**	**(38,813)**	**2,480,533**
Changes in the scope of consolidation	696	4,111	3,504	—	**8,311**	(17,841)	—	**(9,530)**
Additions or charges for the year	162,066	731,904	139,478	61,368	**1,094,815**	(866,547)	(2,058)	**226,211**
Disposals or reductions	(149,075)	(544,059)	(88,462)	(291)	**(781,887)**	704,005	206	**(77,676)**
Exchange differences	11,312	53,138	2,489	2,083	**69,022**	(33,785)	(426)	**34,811**
Transfers from / to other assets	56,308	7,726	7,018	(27,037)	**44,015**	(18,877)	—	**25,138**
Balance at December 31, 2019 (*)	**1,554,154**	**3,859,758**	**1,005,478**	**118,551**	**6,537,941**	**(3,817,363)**	**(41,091)**	**2,679,487**
Changes in the scope of consolidation	(131,340)	(1,937,059)	(14,873)	—	**(2,083,272)**	1,337,796	3,649	**(741,827)**
Additions or charges for the year	144,978	541,634	134,511	50,055	**871,178**	(852,721)	(903)	**17,554**
Disposals or reductions	(121,637)	(493,920)	(106,046)	(187)	**(721,790)**	663,413	473	**(57,904)**
Exchange differences	(90,994)	(257,400)	(43,233)	(8,351)	**(399,978)**	259,393	1,898	**(138,687)**
Transfers from / to other assets	56,907	(1,292)	(20,807)	2,238	**37,046**	(31,592)	—	**5,454**
Balance at December 31, 2020	**1,412,068**	**1,711,721**	**955,030**	**162,306**	**4,241,125**	**(2,441,074)**	**(35,974)**	**1,764,077**

(*) Data restated.

In 2020 and 2019, items of property, plant and equipment were acquired for EUR 871,178 thousand and EUR 1,090,732 thousand, respectively. In 2020 and 2019 the rights to use the leased assets were included under this heading in accordance with IFRS 16.

In 2020, the most noteworthy acquisitions by division were mainly in the Infrastructure area for EUR 714,959 thousand, especially in investments made by Hochtief amounting to EUR 601,722 thousand (in particular, tunneling machines and mining machinery), by Dragados for EUR 111,969 thousand, by the Industrial Services area for EUR 111,191 thousand for the acquisition of new machinery and equipment to develop new projects and by the Services area in the amount of EUR 44,922 thousand, mainly for the acquisition of machinery and industrial vehicles.

In 2019, the most noteworthy acquisitions by division were mainly in the Infrastructure area for EUR 951,657 thousand, especially in investments made by Hochtief amounting to EUR 856,513 thousand (in particular, tunneling machines and mining machinery), by Dragados for EUR 93,912 thousand, by the Services area for EUR 45,558 thousand mainly for buying machinery and industrial vehicles and by the Industrial Services area, amounting to EUR 93,006 thousand, for the acquisition of new machinery and equipment to develop new projects.

Similarly, assets were also sold in fiscal years 2020 and 2019 for a net carrying amount of EUR 57,904 thousand and EUR 76,642 thousand respectively, which gave rise to a residual effect on the Group's income statement. Changes in the scope of consolidation represented a disposal in the financial year of EUR 484.7 million in the corresponding section, without considering assets under IFRS 16, mainly for the sale of 50% of Thiess. The most significant disposals in 2020 relate mainly to the sale of Hochtief machinery amounting to EUR 28,867 thousand (EUR 28,355 thousand in 2019) and the sale of Dragados machinery amounting to EUR 14,178 thousand (EUR 35,369 thousand in 2019).

As at December 31, 2020, the Group had ongoing contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 50,667 thousand (EUR 93,762 thousand as at December 31, 2019), corresponding most notably to the investment commitments for technical installations for Hochtief for an amount of EUR 46,931 thousand (EUR 83,624 thousand as at December 31, 2019) and for machinery for Dragados for a value of EUR 2,411 thousand (EUR 3,844 thousand as at December 31, 2019).

The impairment losses recognized in the consolidated income statement for 2020 amount to EUR 904 thousand, relating mainly to the impairment of Industrial Services technical installations for the amount of EUR 476 thousand (EUR 2,058 thousand in 2019 relating mainly to the impairment of Dragados machinery amounting to EUR 1,022 thousand). No significant losses from value impairment were reverted and recognized in the 2020 and 2019 consolidated income statements.

Leases

At December 31, 2020, an amount of EUR 572,885 thousand (EUR 885,874 thousand as at December 31, 2019) of net "Right-of-Use Assets" was recognized in accordance with IFRS 16 "Leases" under the heading "Property, Plant and Equipment" in the consolidated statement of financial position. The detail of the right-of-use assets as at December 31, 2020 and 2019 is as follows:

	Thousands of Euros						
	Land and buildings	Plant and machinery	Other intangible assets	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at January 1, 2019 (*)	**971,357**	**518,379**	**144,036**	**1,633,772**	**(759,913)**	**—**	**873,859**
Changes in the scope of consolidation	641	3	7,193	**7,837**	(18,255)	—	**(10,418)**
Additions or charges for the year	143,264	159,645	78,174	**381,083**	(359,142)	(69)	**21,872**
Disposals or reductions	(129,621)	(85,020)	(30,748)	**(245,389)**	209,319	—	**(36,070)**
Exchange differences	62,054	(2,138)	1,193	**61,109**	(62,913)	(1)	**(1,805)**
Transfers from / to other assets	(169)	(3,304)	16,987	**13,514**	24,922	—	**38,436**
Balance at December 31, 2019 (*)	**1,047,526**	**587,565**	**216,835**	**1,851,926**	**(965,982)**	**(70)**	**885,874**
Changes in the scope of consolidation	(66,115)	(439,288)	(18,814)	**(524,217)**	262,974	—	**(261,243)**
Additions or charges for the year	140,080	143,285	65,662	**349,027**	(343,778)	(66)	**5,183**
Disposals or reductions	(112,470)	(114,153)	(53,744)	**(280,367)**	255,259	—	**(25,108)**
Exchange differences	(22,731)	(29,415)	(8,978)	**(61,124)**	28,756	6	**(32,362)**
Transfers from / to other assets	(548)	3,323	(6,090)	**(3,315)**	3,856	—	**541**
Balance at December 31, 2020	**985,742**	**151,317**	**194,871**	**1,331,930**	**(758,915)**	**(130)**	**572,885**

(*) Data restated.

The change in "Right-of-use assets" in 2020 is mainly due to additions in the Infrastructure area amounting to EUR 263,530 thousand (EUR 298,381 thousand for 2019), including most notably the investments made by Hochtief amounting to EUR 212,533 thousand (EUR 273,484 thousand in 2019). In relation to disposals, of note is the net change in the scope of consolidation of EUR 261,466 thousand, mainly due to the sale of 50% of Thiess.

The depreciation and amortization relating to the right-of-use assets recognized under IFRS 16 "Leases" during the year 2020 amounted to EUR 344,661 thousand (EUR 355,698 thousand in 2019) and the recognition of interest on the lease obligation amounted to EUR 35,699 thousand in 2020 (EUR 43,038 thousand during the year 2019) included in the consolidated income statement.

The "Non-current lease liabilities" and the "Current lease liabilities" associated with these "Right-of-use assets" as at December 31, 2020, were respectively EUR 472,836 and EUR 192,173 thousand (EUR 686,944 and EUR 321,251 thousand as at December 31, 2019, respectively).

Below are the details of lease liabilities by maturity as at December 31, 2020:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Lease liabilities	**192,173**	294,657	50,135	28,328	99,716	**472,836**

Below are the details of lease liabilities by maturity as at December 31, 2019:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Lease liabilities	**321,251**	525,950	39,818	36,301	84,875	**686,944**

Variable lease payments were not material as at December 31, 2020 and 2019.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis.

There are assets leased under short-term or low-value leases that do not apply IFRS 16 "Leases" since there are very short-term leases, generally of three to six months' duration, or ongoing monthly agreements or contracts with termination clauses, which are used throughout the Group. For each lease, it is analyzed and evaluated whether or not it is reasonably safe to extend the lease agreement. Within its considerations is included an assessment of the requirements of the asset in the project, the scope of the work that is to be carried out with this asset and other relevant economic questions to evaluate adequately the duration of the same. As at December 31, 2020, the accrued amounts of EUR 327,708 thousand (EUR 372,425 thousand as at December 31, 2019) on the aforementioned assets were recognized as an expense under "Other Operating Expenses" in the consolidated income statement. As indicated in Note 02.01, the Construction activity and Industrial Services activity have suffered a moderate or limited impact as a result of Covid-19, therefore the existence of a potential impairment impact on the assets under this category has not been considered.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The indemnities received for claims covered by insurance policies recognized in profit or loss were not significant in 2020 and 2019.

As at December 31, 2020 and 2019, there were no significantly restricted property, plant and equipment items.

The ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 33,170 thousand (EUR 35,058 thousand in 2019) to secure banking facilities granted to the Group.

As at December 31, 2020 the Group had recognized a net EUR 1,293,004 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 2,231,872 thousand as at December 31, 2019).

06. Non-current assets in projects

The balance of "Non-current assets in projects” in the consolidated statement of financial position as at December 31, 2020, includes the costs incurred by the fully consolidated companies in the construction of transport, service and power plant infrastructures whose operation forms the subject matter of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed under a project finance arrangement and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to present its infrastructure projects in a grouped manner, although they are broken down by type of asset (financial or intangible) in this Note.

All the project investments made by the ACS Group as at December 31, 2020, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Thermosolar plant	—	308,646	(95,955)	**212,691**
Highways / roads	2026	181,914	(102,272)	**79,642**
Water management	2032 - 2036	45,660	(171)	**45,489**
Photovoltaic Plants	—	33,672	—	**33,672**
Waste treatment	—	6,114	(1,830)	**4,284**
Wind farms	2039	3,265	—	**3,265**
Other infrastructures	—	28,386	(1,278)	**27,108**
Total		**607,657**	**(201,506)**	**406,151**

The changes in this heading in 2020 and 2019 were as follows:

	Thousands of Euros					
	2020			2019		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**261,942**	**(92,732)**	**169,210**	**281,603**	**(92,197)**	**189,406**
Changes in the scope of consolidation	343,956	(98,713)	245,243	10	—	10
Additions or charges for the year	41,675	(13,803)	27,872	57,129	(12,632)	44,497
Exchange differences	(18,538)	2,826	(15,712)	(487)	(1)	(488)
Disposals or reductions	(1,944)	—	(1,944)	(40,010)	2,118	(37,892)
Transfers	(19,434)	916	(18,518)	(36,303)	9,980	(26,323)
Ending balance	**607,657**	**(201,506)**	**406,151**	**261,942**	**(92,732)**	**169,210**

The breakdown of this heading by type, in accordance with IFRIC 12, is as follows:

– The concession assets identified as intangible assets, as a result of the Group assuming demand risk, as at December 31, 2020, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,873	(102,236)	**79,637**
Waste treatment	-	6,019	(1,830)	**4,189**
Water management	-	171	(171)	**—**
Other infrastructures	-	1,679	(187)	**1,492**
Total		**189,742**	**(104,424)**	**85,318**

	Thousands of Euros					
	2020			2019		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**189,907**	**(91,785)**	**98,122**	**206,547**	**(87,700)**	**118,847**
Additions or charges for the year	—	(12,655)	(12,655)	—	(12,443)	(12,443)
Exchange differences	(155)	16	(139)	35	—	35
Transfers	(10)	—	(10)	(16,675)	8,358	(8,317)
Ending balance	**189,742**	**(104,424)**	**85,318**	**189,907**	**(91,785)**	**98,122**

– The concession assets identified as financial assets, as a result of the Group not assuming the demand risk as at December 31, 2020, along with the changes in the balance of this heading in 2020 and 2019 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros
		Collection rights arising from concession arrangements
Other infrastructures	—	**15,786**
Total		**15,786**

	Thousands of Euros	
	2020	2019
Beginning balance	**26,145**	**47,437**
Investment	82	4,153
Finance income	3,448	4,901
Collections	(12,162)	(13,341)
Exchange differences	(1,102)	(1,356)
Transfers from/to other assets	(625)	(15,649)
Ending balance	**15,786**	**26,145**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 3,448 thousand in 2020 (EUR 4,901 thousand in 2019), with no amounts in 2020 and 2019 corresponding to concession assets identified as financial assets classified as "Non-current assets held for sale and discontinued operations."

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model are immaterial in 2020 and 2019.

– The detail of the financial assets financed through a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 as at December 31, 2020 and the changes in the balance of this heading in 2020 and 2019 were as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Thermosolar plant	-	308,646	(95,955)	**212,691**
Water management	2032 - 2036	45,489	—	**45,489**
Photovoltaic Plants	-	33,672	—	**33,672**
Wind farms	2039	3,265	—	**3,265**
Other infrastructures	-	11,057	(1,127)	**9,930**
Total		**402,129**	**(97,082)**	**305,047**

	Thousands of Euros					
	2020			2019		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**45,891**	**(947)**	**44,944**	**27,620**	**(4,498)**	**23,122**
Changes in the scope of consolidation	343,956	(98,713)	245,243	10	—	10
Additions or charges for the year	50,307	(1,148)	49,159	61,416	(189)	61,227
Exchange differences	(17,281)	2,810	(14,471)	834	(1)	833
Disposals or reductions	(1,945)	—	(1,945)	(40,009)	2,118	(37,891)
Transfers	(18,799)	916	(17,883)	(3,980)	1,623	(2,357)
Ending balance	**402,129**	**(97,082)**	**305,047**	**45,891**	**(947)**	**44,944**

Simultaneously, there are concession assets that are not financed by project finance amounting to EUR 43,254 thousand (EUR 58,600 thousand as at December 31, 2019) which are recognized as "Other intangible assets."

In 2020, the most noteworthy investments in projects were mainly in the Industrial Services division in the amount of EUR 50,306 thousand, namely in water management.

During the 2020 financial year, there were additions in the amount of EUR 343,983 thousand in the scope of consolidation, notably the Tonopah Solar Energy solar thermal power plant. In the 2019 financial year, no significant additions were made to the consolidation scope.

During the 2020 and 2019 financial years, there were no significant disposals.

In 2020 and 2019, no impairment losses were recognized in the consolidated income statement. Furthermore, no losses for impairment of value were reversed and recognized in the 2020 and 2019 consolidated income statements.

As at December 31, 2020 and 2019, the Group had not formalized any significant contractual commitments for the acquisition of non-current assets in projects.

The financing relating to non-current assets in projects is explained in Note 18. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Other current financial assets" (see Note 10.05).

Lastly, it should be noted that the Group has non-current assets in projects classified under "Non-current assets held for sale and discontinued operations" (see Note 03.09).

07. Investment property

The changes in this heading in 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	2019 (*)
Beginning balance	**41,595**	**74,674**
Variaciones de perímetro	4,460	—
Additions	12	2
Sales / decreases	(2,371)	(4,493)
Charges for the year	(1,045)	(1,648)
Impairment losses	—	(24,242)
Transfers from / to other assets	(353)	(3,795)
Exchange differences	—	1,097
Ending balance	**42,298**	**41,595**

(*) Data restated.

The rental income earned from investment property amounted to EUR 3,693 thousand in 2020 (EUR 3,300 thousand in 2019). The average occupancy level of the aforementioned assets was 33% (39% in 2019) with an average leased area of 39,145 square meters (44,330 square meters in 2019).

The direct operating expenses arising from investment properties included under "Other operating expenses," amounted to EUR 900 thousand in 2020 (EUR 866 thousand in 2019).

There were no significant contractual commitments for the acquisition, construction or development of investment property or for repairs, maintenance and improvements.

At the beginning of 2020, the gross carrying amount was EUR 63,404 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 21,809 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 56,110 thousand and EUR 13,812 thousand, respectively. There were no material differences with respect to fair value in the accompanying Consolidated Annual Accounts.

08. Joint agreements

The main aggregates included in the accompanying Consolidated Annual Accounts relating to JVs and EIGs for 2020 and 2019, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2020	2019
Net asset	1,674,245	1,686,790
Pre-tax profit or loss	54,448	203,553
Income tax expense (-) / income (+)	(12,447)	(30,388)
Post-tax profit or loss	42,001	173,165
Other comprehensive income	(3,861)	(4,251)
Total comprehensive income	38,140	168,914

The identification data relating to the main ACS Group's unincorporated joint ventures are detailed in Appendix II.

09. Investments in companies accounted for using the equity method

09.01. Consolidated companies accounted for using the equity method

The breakdown, by type of entity, of the consolidated companies accounted for by the equity method as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros	
	2020	2019
Associates	3,033,374	3,716,708
Jointly controlled entities	1,446,177	694,732
Total	**4,479,551**	**4,411,440**

The changes in this heading in 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	2019
Beginning balance (*)	**4,411,440**	**4,721,050**
Additions	339,682	282,917
Disposals	(165,528)	(45,996)
Change in consolidation method	684,694	(179,052)
Profit for the year	90,236	480,342
Changes in the equity of associates		
Exchange differences/other	(75,577)	16,242
Cash flow hedges	(22,707)	(81,343)
Financial assets held for sale	(5,009)	(1,136)
Transfer to non-current assets held for sale/discontinued operations	528	438
Distribution of dividends	(716,523)	(602,733)
Others	(61,685)	(179,289)
Ending balance	**4,479,551**	**4,411,440**

(*) Data restated 01/01/2019.

"Ordinary results of companies accounted for using the equity method" and "Non ordinary results of companies accounted for using the equity method" in the 2020 consolidated income statement, also include equivalent amounts in the profit or loss statement for companies accounted for using the equity method and considered to be assets held for sale, amounting to EUR 117,378 thousand (EUR 77,524 thousand in 2019).

The detail, by division, of the investments accounted for by the equity method as at December 31, 2020 and 2019, is as follows:

Line of Business	Thousands of Euros					
	31/12/2020			31/12/2019		
	Share of net assets	Profit/Loss for the year	Total carrying amount	Share of net assets	Profit / (Loss) for the year	Total carrying amount
Infrastructure	4,355,858	109,476	**4,465,334**	3,719,072	502,559	**4,221,631**
Industrial Services	33,602	(19,240)	**14,362**	212,170	(22,217)	**189,953**
Corporate unit and Adjustment	(145)	—	**(145)**	(144)	—	**(144)**
Total	**4,389,315**	**90,236**	**4,479,551**	**3,931,098**	**480,342**	**4,411,440**

– Infrastructure

As at December 31, 2020, in the area of infrastructure, the participation in Abertis in the amount of EUR 2,868,396 thousand (EUR 3,417,754 thousand as at December 31, 2019) and the remaining shares of the Hochtief Group registered by the equity method were noteworthy, in the amount of EUR 1,268,949 thousand (EUR 568,764 thousand as at December 31, 2019), the most important addition of the year being the accounting of Thiess as a joint business by the equity method in the amount of EUR 683 million (see Note 02.02.f)).

The total amount of the equity-accounted interest in Abertis Holdco, S.A. in the ACS Group amounted to EUR 2,868,396 thousand (December 31, 2019: EUR 3,417,754 thousand), corresponding to the 20.0% interest in Hochtief and 30.0% directly from ACS itself (both included under the "Infrastructures” heading, see Note 02.01.c)). The net contribution of Abertis to the ACS Group consolidated income statement in 2020 amounted to a loss of EUR 34,511 thousand (compared to a profit of EUR 245,240 thousand in 2019).

Joint Ventures

As indicated in Note 02.02.f), the sale of Thiess was completed on December 31, 2020, and the ACS Group jointly controls Thiess with Elliott. The transaction has therefore been recorded as the sale of a subsidiary, in accordance with IFRS 10 and the recognition of a stake in a joint business entity in view of the joint control agreement with Elliott.

Since the sale was completed on December 31, 2020, there is no significant contribution by the equity method to the income statement on the part of Thiess for the year ended December 31, 2020 (see Note 02.02.f)). Thiess is currently in the process of assessing the assets and liabilities (PPA or Purchase Price Allocation) of the joint business in relation to the allocation of the allowance paid by Thiess. As a result of this process and within the one-year period established by IFRS 3, the purchase price allocation is likely to change the value of certain assets and liabilities when it is complete. Therefore, in the process of valuation of assets and liabilities, certain assets and liabilities broken down in Note 02.02.f)) are likely to change when adjusted for additional liabilities arising from Thiess's newly acquired debt of EUR 0.4 million for the 50% share of CIMIC and the recognition of goodwill and other intangible assets identifiable in the joint business when completed, notwithstanding the above, the aforementioned process does not affect the carrying amount of the equity method as at December 31, 2020. The financial information for the aforementioned jointly controlled entity is established in Note 02.02.f).

– Industrial Services

Within Industrial Services, the variation in the 2020 financial year is mainly due to the change in the method of consolidation of Tonopah Solar Energy, becoming integrated globally and the result of these companies for the 2020 financial year.

09.02. Material associates/Joint Ventures

Material associates

According to IFRS 12, the only entity considered to be material as at December 31, 2020, is Abertis Holdco, S.A. and its Subsidiaries.

As indicated in Note 02.02.f, the ACS Group owns 50% less one share of Abertis Holdco, S.A. The ACS Group's interest in Abertis Holdco, S.A. gives it a material influence within the meaning of IAS 28 and, therefore, Abertis is accounted for in these Consolidated Annual Accounts as an associate using the equity method.

The table below shows the information on the companies considered material under this heading of the consolidated statement of financial position.

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2020	31/12/2019
	100%	100%
Non-current assets	41,589,347	37,184,921
Current assets	4,973,427	5,047,034
Of which: Cash and cash equivalents	3,268,024	2,718,299
Asset held for sale	26,750	—
Non-current liabilities	32,845,543	30,264,993
Of which: Financial liabilities	26,301,003	24,113,469
Current liabilities	4,193,594	3,602,876
Of which: Financial liabilities	2,400,865	2,039,481
Liabilities associate to assets held for sale	—	—
Equity	**9,550,387**	**8,364,086**
Non-controlling interest	2,840,237	1,780,978
Equity attributable to owners of the Company	**6,710,150**	**6,583,108**
Hybrid bond recognized in Abertis' equity	(1,225,759)	—
Equity attributable homogenized to owners of the Company	**5,484,391**	**6,583,108**
Group interests in net assets (50%)	2,742,196	3,291,554
Capitalized acquisition-related costs	126,200	126,200
Carrying amount of the investment	**2,868,396**	**3,417,754**

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2020	31/12/2019
	100%	100%
Sales	4,053,648	5,361,265
Profit or loss from continuing operations	(178,435)	628,512
Post-tax profit/(loss) from discontinued operations	—	(15,350)
Profit/(loss) for the year	**(178,435)**	**613,162**
Non-controlling interest	(92,947)	1,386
Profit/(loss) for the year attributable to owners of the company	(85,488)	611,776
Income and expenses recognized directly in equity, after tax	**(388,802)**	**(197,376)**
Non-controlling interest	(234,508)	(10,845)
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	(154,294)	(186,531)
Total comprehensive income	**(567,237)**	**415,786**
Non-controlling interest	(327,455)	(9,459)
Total comprehensive income attributable to owners of the company	(239,782)	425,245
Group share of total comprehensive income attributable to owners of the company (shareholding 50%)	**(119,891)**	**212,623**
Annual profit	**(42,744)**	**305,888**
Other comprehensive income	**(77,147)**	**(93,265)**

In 2020, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 431,926 thousand (EUR 431,926 thousand in 2019).

As a result of the drastic reduction in traffic during the 2020 financial year, mainly as a result of the restrictions on mobility imposed by Covid-19, a further impairment test was performed on December 31, 2020, on the value of the stake in Abertis by comparing the recoverable value with the book value without deterioration of value having been detected. In the context of Covid-19, the ACS Group has compared the book value of the cash-generating unit (CGU), including the above-mentioned goodwill itself, with the fair value obtained through the discounted cash flow valuation method (Abertis Holdco, S.A. and Subsidiaries). In this regard, the ACS Group, as described in IAS 36, has considered that the most appropriate methodology corresponds to the assessment of a projected finite period of five years (2021–2025) together with the estimation of a residual value.

Based on the budgets and latest long-term projections, the conducting of the Abertis goodwill impairment test as at December 31, 2020, was based on:

- The cash projections obtained from the Abertis Group-wide projection of income and expenditure for the period (2021–2025).
- To determine the terminal value, on the one hand, a growth of 2.0% was applied to the free cash flow after taxes of the last projected year, i.e. 2025, and, additionally, a cash outflow for investments in perpetuity was considered, equivalent to the amortization over the said period.

The discount rate (WACC) applied to cash flow projections rose to 5.66%, and in the case of terminal value, the WACC applied was increased by 2.0%.

In relation to the result of the goodwill impairment test, the recoverable value obtained (determined on the basis of fair value as stated above) exceeds the accounting value of the goodwill and assets, so that they allow for the recovery of the net book value of the participation in Abertis registered as at December 31, 2020, by the ACS Group. There is thus no need to provide any provision for deterioration.

Based on the sensitivity analysis performed, the impairment test shows a certain clearance of the recoverable amount of the carrying amount and has a sensitivity to variations in discount rate and the perpetuity cash flow. Therefore, a decrease in net operating profit after taxes of more than 15% or an increase in WACC by 75 basis points could result in the need to record a deterioration on the consolidated carrying amount of Abertis.

As at June 30, 2019, the Group completed, with the participation of an independent expert, the allocation of the fair value of the assets acquired and liabilities assumed. The main impact of the PPA has been the assignment of greater value to the Abertis toll road concessions, net of tax effects. The value of the concessions has been calculated by discounting dividends from the capital cost assessed by the expert referred to above.

Investments in associates, as in the previous year, are not subject to any restrictions.

Also detailed in the table below are the associated companies and the joint agreements which are not material:

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2020	2019	2020	2019
Carrying amount	**164,978**	**298,954**	**1,446,177**	**694,732**
Profit before taxes	**(5,051)**	**11,660**	**161,267**	**186,528**
Income taxes	(4,351)	(4,664)	(18,886)	(19,072)
Profit after taxes	**(9,403)**	**6,996**	**142,381**	**167,455**
Other comprehensive income	(13,296)	1,056	(54,906)	5,417
Total comprehensive income	**(22,698)**	**8,052**	**87,475**	**172,873**

10. Financial assets

The breakdown of the Group’s financial assets as at December 31, 2020 and 2019, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2020		31/12/2019 (*)	
	Non-Current	Current	Non-Current	Current
Equity instruments	79,870	127,912	157,743	196,266
Loans to associates	212,755	111,341	261,247	135,298
Other loans	56,883	53,083	62,660	99,513
Debt securities	19,020	729,220	—	467,354
Other financial assets	392,028	333,426	463,666	440,598
Long-term cash collateral deposits	283	—	283	—
Subtotal	**760,839**	**1,354,982**	**945,599**	**1,339,029**
Trade receivables for sales and services	—	8,500,244	—	10,489,423
Other receivables	—	1,762,431	—	1,757,375
Cash and cash equivalents	—	8,080,808	—	8,130,984
Total	**760,839**	**19,698,465**	**945,599**	**21,716,811**

(*) Data restated.

The classification of financial assets in accordance with the application of IFRS 9 as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros			
	Value at 31/12/2020	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	**776,625**	**123,787**	**—**	**652,838**
Equity securities at long-term	79,870	79,870	—	—
Loans to companies at long-term	212,755	2,387	—	210,368
Loans to third parties	56,883	7,592	—	49,291
Debt securities at long-term	19,020	19,020	—	—
Long-term cash collateral deposits	283	283	—	—
Other financial assets at long-term	58,796	11,886	—	46,910
Non-current financial assets in operating receivables	333,232	2,749	—	330,483
Concessional assets identified under the financial asset model (Note 06)	15,786	—	—	15,786
Other current financial assets	**1,354,982**	**232,058**	**454,826**	**668,098**
Equity securities at short-term	127,912	13,820	114,092	—
Loans to group and associates to short-term	111,341	14,278	—	97,063
Other financial assets group and associated to short-term	21	—	—	21
Loans to companies at short-term	53,083	75	—	53,008
Debt securities at short-term	729,220	58,700	340,734	329,786
Other financial assets at short-term	333,405	145,185	—	188,220
Trade receivables for sales and services	**8,500,244**	**—**	**—**	**8,500,244**
Other receivable	**1,762,431**	**—**	**—**	**1,762,431**
Cash and cash equivalents	**8,080,808**	**—**	**—**	**8,080,808**

	Thousands of Euros			
	Value at Valor a 31/12/2019 (*)	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	**971,743**	**181,520**	**3,913**	**786,310**
Equity securities at long-term	157,743	157,743	—	—
Loans to companies at long-term	261,247	3,446	—	257,801
Loans to third parties	62,660	7,934	—	54,726
Long-term cash collateral deposits	283	283	—	—
Other financial assets at long-term	52,842	9,309	3,913	39,620
Non-current financial assets in operating receivables	410,824	2,805	—	408,019
Concessional assets identified under the financial asset model	26,144	—	—	26,144
Other current financial assets	**1,339,029**	**263,300**	**378,453**	**697,276**
Equity securities at short-term	196,266	104,190	92,076	—
Loans to group and associates to short-term	135,298	18,201	—	117,097
Loans to companies at short-term	99,513	124	82	99,307
Debt securities at short-term	467,354	113,331	286,035	67,988
Other financial assets at short-term	420,809	25,361	260	395,188
Current account with overcollateralization fund	19,789	2,093	—	17,696
Trade receivables for sales and services	**10,489,423**	**—**	**—**	**10,489,423**
Other receivable	**1,757,375**	**—**	**—**	**1,757,375**
Cash and cash equivalents	**8,130,984**	**—**	**—**	**8,130,984**

(*) Data restated.

10.01. Equity instruments

The detail of the balance of this heading as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros			
	31/12/2020		31/12/2019 (*)	
	Non-Current	Current	Non-Current	Current
Infrastructure	74,912	127,912	116,337	125,076
Industrial Services	1,376	—	37,866	—
Services	64	—	22	—
Corporate Unit	3,518	—	3,518	71,190
Total	**79,870**	**127,912**	**157,743**	**196,266**

(*) Data restated.

Within non-current and current equity instruments, those arising from Hochtief amounting to EUR 44,621 and 127,912 thousand respectively (EUR 83,697 and 125,076 thousand respectively as at December 31, 2019) stand out and relate mainly to short-term investments in securities held in special and general investment funds. As at December 31, 2019, the Group had recognized its stake in Masmovil shares amounting to EUR 71,190 thousand under "Other current financial assets" in the accompanying consolidated statement of financial position with changes in the income statement. On September 17, 2020, ACS, Actividades de Construcción y Servicios, S.A. participated in the public takeover bid ("OPA") for Masmovil shares formulated by Lorca Telecom Bidco, S.A.U., accepting a price of EUR 22.50 per share.

This was authorized by the Spanish National Securities Market Commission (CNMV) on July 29, 2020 (see Note 28.04).

10.02. Loans to associates

The detail of the balances of "Loans to associates" and of the scheduled maturities as at December 31, 2020, is as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Loans to associates	**111,341**	113,934	—	6,802	92,019	**212,755**

The detail of the balances of "Loans to associates" and of the scheduled maturities as at December 31, 2019, were as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Loans to associates	**135,298**	112,429	—	—	148,818	**261,247**

As at December 31, 2020, the long-term loans granted in euro included, by order of importance, the subordinated loan granted to Road Management (A13) Plc. in the amount of EUR 40,409 thousand (EUR 40,266 thousand as at December 31, 2019), the subordinated loan to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand as at December 31, 2019) and the participatory loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,278 thousand (EUR 13,278 thousand as at December 31, 2019). In the 2020 financial year, the changes in the appropriations were mainly due to the repayment of the loan granted to Empresa de Mantenimiento y Explotación M30, S.A., which as at December 31, 2019, amounted to EUR 22,803 thousand and the reduction of the subordinated loan to Celtic Road Group (Waterford), which as at December 31, 2019, represented an amount of EUR 22,333 thousand.

The Group regularly assesses the recoverability of loans to associates jointly with investments, making the necessary provisions when necessary.

These loans bear interest at market rates.

10.03. Other loans

The detail of the balances of "Other loans" and of the scheduled maturities as at December 31, 2020, is as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Other loans	**53,083**	7,818	1,941	764	46,360	**56,883**

The detail of the balances of "Other loans" and of the scheduled maturities as at December 31, 2019, was as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Other loans	**99,513**	9,582	3,731	2,087	47,260	**62,660**

These loans earn interest tied to Euribor plus a market spread.

10.04. Debt securities

As at December 31, 2020, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months and which it does not intend to hold until maturity arising from Hochtief for EUR 345,625 thousand (EUR 329,035 thousand as at December 31, 2019). Other significant amounts include those held by the Dragados Group amounting to EUR 53,801 thousand (December 31, 2019: EUR 70,312 thousand) and Cobra amounting to EUR 329,785 thousand (December 31, 2019: EUR 67,987 thousand).

10.05. Other financial assets

As at December 31, 2020, "Other financial assets" includes short-term deposits of EUR 271,375 thousand (EUR 227,507 thousand as at December 31, 2019).

As at December 31, 2020, within the amount mentioned in the previous section, EUR 118,565 thousand (EUR 2,329 thousand as at December 31, 2019) were held as collateral in guarantee of the derivatives arranged for the Group (see Note 22) and reflected under "Other current financial assets" in the attached consolidated statement of financial position.

Impairment losses

There were no significant impairment losses in either 2020 or in 2019. There were no significant reversals due to the impairment of financial assets in either 2020 or 2019.

10.06. Non-current financial assets in operating receivables

As at December 31, 2020, this heading includes, principally as "Non-current financial assets in operating receivables" the certified amounts receivable amounting to EUR 128,876 thousand (EUR 83,135 thousand as at December 31, 2019) in relation to construction projects for investments in gas extraction contracts, whose proceeds (expected to be long term) are linked to the cash flows generated by the operation of the aforementioned investments.

11. Inventories

The breakdown "Inventories” as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019 (*)
Merchandise	185,532	200,213
Raw materials and other supplies	242,287	379,489
Work in progress	179,544	164,361
Finished goods	17,218	57,248
Others	90,660	115,005
Total	**715,241**	**916,316**

(*) Data restated.

The balance of inventories as at December 31, 2020, relates mainly to EUR 284,094 thousand (EUR 440,326 thousand as at December 31, 2019) contributed by the Hochtief Group, which includes projects in progress amounting to EUR 146,970 thousand (EUR 153,309 thousand as at December 31, 2019), mainly real estate (land and buildings), owned by Hochtief and its Australian subsidiary CIMIC and which were not subject to restrictions either as at December 31, 2020 or as at December 31, 2019 and real estate assets in Dragados amounting to EUR 219,000 thousand (EUR 248,233 thousand as at December 31, 2019). In addition to the aforementioned restrictions, inventories have not been pledged and/or mortgaged as security for the repayment of debts either as at December 31, 2020 or as at December 31, 2019.

Impairment losses on inventories recognized and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 416 and 1,711 thousand respectively in 2020 (EUR 2,035 thousand and EUR 584 thousand, respectively, in 2019).

12. Trade and other receivables

The carrying amount of trade and other receivables is reflected with the following breakdown by divisions as at December 31, 2020 and 2019:

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2020
Trade receivables for sales and services	5,746,081	2,400,275	195,850	—	8,342,206
Receivable from group companies and associates	49,533	108,493	12	—	158,038
Other receivables	1,038,759	708,336	14,382	954	1,762,431
Current tax assets	40,566	41,704	80	153,264	235,614
Total	**6,874,939**	**3,258,808**	**210,324**	**154,218**	**10,498,289**

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2019 (*)
Trade receivables for sales and services	7,597,933	2,535,668	196,043	—	10,329,644
Receivable from group companies and associates	49,089	110,547	143	—	159,779
Other receivables	1,065,351	679,880	8,272	3,872	1,757,375
Current tax assets	42,351	34,367	233	72,854	149,805
Total	**8,754,724**	**3,360,462**	**204,691**	**76,726**	**12,396,603**

(*) Data restated.

12.01. Trade receivables for sales and services - Net trade receivables balance

The detail of trade receivables for sales and services and net trade receivables balance, by line of business, as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2020
Trade receivables and notes receivable	3,690,781	1,348,206	179,516	4,497	5,223,000
Completed work pending certification	2,257,914	1,172,337	20,131	—	3,450,382
Allowances for doubtful debts	(202,614)	(120,268)	(3,797)	(4,497)	(331,176)
Total receivables for sales and services	**5,746,081**	**2,400,275**	**195,850**	**—**	**8,342,206**
Advances received on orders (Note 23)	(2,659,082)	(623,163)	(1,110)	—	(3,283,355)
Total liabilities from customer contracts	**(2,659,082)**	**(623,163)**	**(1,110)**	**—**	**(3,283,355)**
Total net trade receivables balance	**3,086,999**	**1,777,112**	**194,740**	**—**	**5,058,851**

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2019 (*)
Trade receivables and notes receivable	4,651,571	1,641,450	175,326	4,497	6,472,844
Completed work pending certification	3,219,016	1,000,893	24,190	—	4,244,099
Allowances for doubtful debts	(272,654)	(106,675)	(3,473)	(4,497)	(387,299)
Total receivables for sales and services	**7,597,933**	**2,535,668**	**196,043**	**—**	**10,329,644**
Advances received on orders (Note 23)	(2,655,095)	(761,117)	(67)	—	(3,416,279)
Total liabilities from customer contracts	**(2,655,095)**	**(761,117)**	**(67)**	**—**	**(3,416,279)**
Total net trade receivables balance	**4,942,838**	**1,774,551**	**195,976**	**—**	**6,913,365**

(*) Data restated.

Positive balances relating to contracts with clients are registered in accordance with the explanations in Note 03.16.

The breakdown of the amounts recognized for these entries in 2020 and 2019 is as follows:

	Thousands of Euros									
	Balance at 31/12/2019 (*)	(a) Additions due to consolidation changes	(a) Disposals due to consolidation changes	(b) Contract modific/ Change of measurement and/or estimation Price	(c) Impairment	(d)	(e)	Exchange differences	Others	Balance at 31/12/2020
Trade receivables and notes receivable (net of provisions)	**6,085,545**	14,823	(264,316)	—	(43,387)	(8,815)	12,882	(62,016)	(842,892)	**4,891,824**
Completed work pending certification	**4,244,099**	39,368	(418,931)	(694,393)	—	—	(33,430)	(73,782)	387,451	**3,450,382**
Total Contract assets	**10,329,644**	**54,191**	**(683,247)**	**(694,393)**	**(43,387)**	**(8,815)**	**(20,548)**	**(135,798)**	**(455,441)**	**8,342,206**
Total Contract liabilities	**3,416,279**	**41,375**	**(37,173)**	**—**	**—**	**—**	**(4,448)**	**(57,399)**	**(75,279)**	**3,283,355**

(*) Data restated

	Thousands of Euros									
	Balance at 01/01/2019 (*)	(a) Additions due to consolidation changes	(a) Disposals due to consolidation changes	(b) Contract modific/ Change of measurement and/or estimation Price	(c) Impairment	(d)	(e)	Exchange differences	Others	**Balance at 31/12/2019 (*)**
Trade receivables and notes receivable (net of provisions)	**4,959,748**	27,216	(81)	31	(9,274)	2,467	65,638	1,898	1,037,902	**6,085,545**
Completed work pending certification	**4,522,195**	7,832	—	—	—	—	(36,876)	21,593	(270,645)	**4,244,099**
Total Contract assets	**9,481,943**	**35,048**	**(81)**	**31**	**(9,274)**	**2,467**	**28,762**	**23,491**	**767,257**	**10,329,644**
Total Contract liabilities	**3,388,346**	**9,245**	**—**	**—**	**—**	**—**	**(8,631)**	**36,163**	**(8,844)**	**3,416,279**

(*) Data restated

The different entries in the movement, in accordance with IRFS 15.118, are as follows:

a. changes due to combinations of businesses;
b. cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification;
c. the impairment of a contract asset;
d. a change in the time frame of a right to consideration that becomes unconditional (i.e. for a contract asset that is reclassified to an account receivable);
e. a change in the time frame of a performance obligation to be satisfied (i.e. for the recognition of revenue from ordinary activities arising from a contract liability).

The "Others" item basically includes transactions related to production and/or invoicing to clients, as well as the receivables obtained from them.

Should the amount of output from inception, measured at the certification price, of each project be greater than the amount billed up to the end of the reporting period, the difference between the two amounts reflects contractual assets recognized under the category of "Completed Work pending Certification" under the "Trade and other receivables" entry on the asset side of the consolidated statement of financial position.

Should the amount of output from inception be lower than the amount of the certifications issued, the difference reflects contractual liabilities recognized as "Customer advances" under "Trade and other payables" in liabilities in the consolidated statement of financial position. Therefore, the balances are presented on the basis of each project/work as at both December 31, 2020 and December 31, 2019.

The main change in 2020 is the Gorgon LNG Jetty and Marine Structure (Gorgon Jetty) project for Chevron Australia (Chevron) carried out by CPB Contractors, a 100% subsidiary of CIMIC, along with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritimo LDA. The financial statements of the ACS Group as at December 31, 2019, included AUD 1,150 million (equivalent to EUR 694 million as at December 31, 2020) recognized as customer contract assets in relation to Gorgon Jetty and the recovery of these contract assets was being claimed by CIMIC through arbitration proceedings in Australia against Chevron.

This arbitration process has already been completed and the Arbitration Tribunal has issued an award of AUD 78.0 million for the Consortium (CPB and Saipem) and a counterclaim of AUD 35.0 million to Chevron. The CIMIC share of the net award, together with certain CIMIC legal expenses and other legal expenses attributable to the arbitration process, has resulted in a single reversal of recognized income over the period of AUD 1,150 million (equivalent to EUR 694 million as at December 31, 2020), in accordance with the variable compensation reassessment requirements of IFRS 15 Revenue from Contracts with Customers (see Note 27.01).

The heading "Total liabilities from customer contracts" includes both "Customer advances" and "Pre-certified construction work customers."

As a practical solution, the company does not need to adjust the amount of contribution promised to take into account the effects of a significant funding component if, at the start of the contract, the company expects the period between the time it transfers promised goods or services to a customer and the time the customer pays for those goods or services to be one year or less.

Incremental costs are not significant in relation to the total customer contract assets.

With regard to ordinary income recognized in the 2020 financial year that was included in the balance of "Customer advances" (contract liabilities with customers) at the beginning of the financial year, this amounts to EUR 1,734 million (EUR 1,747 million in 2019) while ordinary income recognized in the 2020 financial year resulting from performance obligations that were fulfilled, or partially fulfilled, in previous financial years amounts to EUR 869 million (EUR 255 million in 2019), mainly due to the resolution of the aforementioned Gorgon Jetty arbitrage.

As at December 31, 2020, retentions held by customers for contract work in progress amounted to EUR 1,157,650 thousand (EUR 1,248,434 thousand as at December 31, 2019).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The balance of receivables amounted to EUR 1,438,303 thousand as at December 31, 2020 (EUR 2,146,086 thousand as at December 31, 2019).

Substantially all the risks and rewards associated with the receivables, as well as control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements 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, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognized in the consolidated statement of financial position. The Group companies continued to manage collection during the year.

In April 2020, the Asset Securitization Fund known as CAP – TDA 2 was terminated, which was established on May 19, 2010 and which was a minority of the "trade receivables and notes receivable" balance for the amounts transferred to the Asset Securitization Fund. The amount of the receivables sold to the Securitization Fund was EUR 58,737 thousand as at December 31, 2019, of which EUR 19,789 thousand at December 31, 2019 were recognized as a current account with the Securitization SPV included under "Other current financial assets - Other loans" (see Note 10.05). The ACS Group companies fully and unconditionally assigned receivables to the securitization SPV. By means of this mechanism, at the date of assignment, the Company charged a set price (cash price) which did not reverse back to the securitization SPV for any reason. This securitization SPV, which is subject to Spanish law, transforms the receivables acquired into bonds. It was managed by a management company called Titulizacion de Activos, Sociedad Gestora de Fondos de Titulizacion, S.A.

There was no customer as at December 31, 2020 and 2019, that represented more than 10% of total revenue.

12.02. Changes in the allowances for doubtful debts

The following is a breakdown, by line of business, of the changes in the "Allowances for doubtful debts" in 2020 and 2019:

Movement in the impairment provision	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Total
Balance at January 1, 2019	**(257,828)**	**(96,619)**	**(2,915)**	**(4,497)**	**(361,859)**
Charges for the year	(22,368)	(31,338)	(1,955)	—	(55,661)
Reversals / Excesses	4,113	22,315	1,444	—	27,872
Changes in scope and other	3,429	(1,033)	(47)	—	2,349
Balance at December 31, 2019	**(272,654)**	**(106,675)**	**(3,473)**	**(4,497)**	**(387,299)**
Charges for the year	(339)	(46,605)	(1,600)	—	(48,544)
Reversals / Excesses	56,426	27,902	1,303	—	85,631
Changes in scope and other	13,953	5,110	(27)	—	19,036
Balance at December 31, 2020	**(202,614)**	**(120,268)**	**(3,797)**	**(4,497)**	**(331,176)**

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

In addition, a provision of AUD 675 million (equivalent to EUR 422 million as at December 31, 2020) has been recognized by Cimic for 2014 and is presented net of the balances of completed work pending certification as at December 31, 2020 and 2019 (see Note 36).

The net trade receivables balance as at December 31, 2020 amounted to EUR 5,058,851 thousand (EUR 6,913,365 thousand as at December 31, 2019), of which EUR 1,300,817 thousand (EUR 1,092,479 thousand as at December 31, 2019) relate to domestic activity and EUR 3,758,034 thousand (EUR 5,820,886 thousand as at December 31, 2019) to international activity.

With regard to domestic activity, EUR 558,338 thousand (EUR 609,170 thousand as at December 31, 2019), 43% of the balance (56% of the balance as at December 31, 2019) relates to the net balance receivable from the Spanish public authorities, the remainder relating to the private sector, without large concentrations thereof.

With regard to foreign activities, the majority arises from the private sector amounting to EUR 3,111,384 thousand (EUR 5,086,998 thousand as at December 31, 2019), the majority of which relate to the Hochtief Group. The status of defaulting clients that are not impaired as at December 31, 2020 and 2019, is detailed in the "Credit risk" section of Note 21.

13. Other current assets

This heading in the statement of financial position includes mainly short-term accruals of prepaid expenses and interest.

14. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets amounting to EUR 315,331 thousand (EUR 292,644 thousand as at December 31, 2019) reflect their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share Capital

As at December 31, 2020, the share capital of the Parent Company amounted to EUR 155,332 thousand and was represented by 310,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights. At December 31, 2019, the share capital of ACS, Actividades de Construcción y Servicios, S.A. amounted to EUR 157,332 thousand and was represented by 314,664,594 fully subscribed and paid shares of EUR 0.5 par value each, all with the same voting and dividend rights. On August 14, 2020, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the capital reduction by EUR 2 million in nominal value through the amortization of 4 million of the Company's treasury shares, subject to the agreement of the Shareholders' Meeting of May 8, 2020.

Expenses directly attributable to the issue or acquisition of new shares are recognized in equity as a deduction from the amount thereof.

The General Shareholders' Meeting held on May 8, 2020, agreed to delegate to the Board of Directors, in accordance with the provisions of Article 297.1(b) of the Consolidated Text of the Spanish Companies Act, the power to increase, on one or more occasions, the share capital of the Company up to a maximum of 50% of the capital, as of the date of the Meeting, within a maximum period of five years from the date of the said General Meeting.

Said share capital increase(s) may be carried out, with or without an issue premium, either by increasing the nominal value of the existing shares with the requirements set forth in the law, or by issuing new shares, ordinary or preferential, with or without vote, or redeemable shares, or any other legally allowed shares or several modalities at the same time, consisting of the exchange value of the new shares or the increase in the nominal value of the existing ones, in terms of monetary contributions.

It is also agreed to empower the Board of Directors so that, in all matters not provided for, it can set the terms and conditions of the share capital increases and the characteristics of the shares, as well as freely offer the new unsubscribed shares within the term(s) for exercising the preemptive subscription right. The Board of Directors may also establish that, in the event of incomplete subscription, the share capital will be increased only in the amount of the subscriptions made and provide new wording to the corresponding article of the Company Bylaws regarding the share capital and number of shares.

The Board of Directors is expressly granted the power to exclude, in whole or in part, the preemptive subscription right up to a maximum nominal amount, collectively, equal to 20% of the share capital at the time of authorization in relation to all or any of the issues agreed upon on the basis of this authorization, in line with the provisions of Article 506 of the Spanish Companies Act, including also the exclusions of the preemptive subscription rights made within the framework of securities issues in accordance with the agreement approved at the General Shareholders' Meeting of May 10, 2019.

The Ordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on May 8, 2020, resolved, among other matters, to make a share capital increase and reduction. In this regard, the Company resolved to increase the share capital to a maximum of EUR 630 million with a charge to freely disposable reserves, whereby the first capital increase may not exceed EUR 487 million and the second increase may not exceed EUR 143 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Secretary of the Board the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders' Meeting held in 2020 and, in the case of the second increase, within the first quarter of 2021, thereby coinciding with the dates on which ACS, Actividades de Construcción y Servicios, S.A. has traditionally distributed the final dividend and the interim dividend. With regard to the capital reduction, the resolution adopted by the Board consists of reducing share capital through the redemption of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the capital increases.

In this regard, on June 10, 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase charged to issue premium, approved at the Ordinary General Shareholders' Meeting held on May 8, 2020, so that once the process has concluded in July 2020, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 11,377,057 and the nominal value of the related capital increase is EUR 5,688,528.50, with a simultaneous capital reduction of EUR 5,688,528.50 through the redemption of 11,377,057 treasury shares charged to free reserves and with an allocation for the same amount of EUR 5,688,528.50 to the reserve provided for in section c) of Article 335 of the Spanish Companies Act, which is the nominal value of the redeemed shares.

On January 11, 2021, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to issue premium approved at the Ordinary General Shareholders' Meeting held on May 8, 2020, and, on the same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.04).

On February 4, 2020, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to issue premium approved at the Ordinary General Shareholders' Meeting held on May 10, 2019, and, on the same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.04).

The General Shareholders' Meeting held on May 10, 2019, approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following May 10, 2019, securities convertible and/or exchangeable for shares of the Company, as well as warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, for a total amount of up to three billion euro; as well as the power to increase the share capital by the necessary amount, along with the power to exclude, where appropriate, the preemptive subscription rights up to a limit of 20% of the share capital.

As provided for under Article 506 of the Consolidated Text of the Spanish Companies Act, the Board of Directors is expressly granted the power to exclude, in whole or in part, the preemptive subscription right in respect of all or any of the issues it agrees to make by virtue of this authorization. In the event that the issuance of the convertible securities excludes the preemptive subscription rights of the shareholders, the Company will only issue convertible securities when the capital increase necessary for their conversion, added to the increases that, if applicable, would have been agreed upon under other authorizations granted by the General Shareholders’ Meeting, does not exceed 20% of said total amount of the share capital at the time of the authorization.

Additionally, the Company's Board of Directors is authorized to request the listing or delisting of any shares issued, in Spanish or foreign organized secondary markets.

The Ordinary General Shareholders’ Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on May 10, 2019, resolved, among other matters, to make a share capital increase and reduction. In this regard, the Company resolved to increase the share capital to a maximum of EUR 625 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 481 million and the second increase may not exceed EUR 144 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Secretary of the Board the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders’ Meeting held in 2019 and, in the case of the second increase, within the first quarter of 2020, thereby coinciding with the dates on which ACS, Actividades de Construcción y Servicios, S.A. has traditionally distributed the final dividend and the interim dividend. With regard to the capital reduction, the resolution adopted by the Board consists of reducing share capital through the redemption of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the capital increases.

In this regard, on June 11, 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase charged to reserves, approved at the Ordinary General Shareholders' Meeting held on May 10, 2019, so that once the process has concluded in July 2019, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 7,836,637, and the nominal value of the related capital increase is EUR 3,918,318.50, with a simultaneous capital reduction of EUR 3,918,318.50 through the redemption of 7,836,637 treasury shares charged to free reserves and with an allocation for the same amount of EUR 3,918,318.50 to the reserve provided for in section c) of Article 335 of the Spanish Companies Act, which is the nominal value of the redeemed shares.

The shares representing the capital of ACS, Actividades de Construcción y Servicios, S.A. are listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are listed on the continuous market.

In addition to the Parent Company, the companies included in the scope of consolidation whose shares are listed on securities markets are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany), Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina), Cimic Group Limited and Devine Limited on the Australia Stock Exchange.

As at December 31, 2020, the shareholder with a stake of over 10% in the capital of the Parent Company was Inversiones Vesan, S.A. with a stake of 12.7%.

15.02. Share premium

The share premium as at December 31, 2020 and 2019, amounts to EUR 495,226 thousand and EUR 897,294 thousand, respectively. The reduction is due to the scrip dividend issued on June 10, 2020 (see Note 15.01).

The Consolidated Text of the Spanish 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.

15.03. Reserves

The detail of this heading as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros	
	Balance at 31/12/2020	Balance at 31/12/2019
Legal reserve	35,287	35,287
Voluntary reserves	3,251,185	2,685,092
Capital redemption reserve fund	39,578	30,440
Reserve for actuarial gains and losses	(14,702)	(17,687)
Others reserves	905,856	807,801
Reserves at consolidated companies	(608,505)	(377,581)
Total	**3,608,699**	**3,163,352**

The main movement under the heading "Reserves at consolidated companies" in the 2020 financial year corresponds to the effect on reserves of EUR 176,747 thousand, which resulted from the increase in the stake in Hochtief from 50.4% to 52.2% and in Cimic from 72.8% to 78.6%.

15.03.01. Parent Company reserves

This heading includes the reserves set up by the Group's Parent Company, mainly in relation to retained earnings and, if applicable, in compliance with the various applicable legal provisions.

Legal reserve

Under the Consolidated Text of the Spanish 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 can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased 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.

The legal reserve of the Group's Parent Company, which amounts to EUR 35,287 thousand, has reached the stipulated level as at December 31, 2020 and 2019.

Voluntary reserves

These are reserves, the use of which is not limited or restricted, freely set up by means of the allocation of the Parent Company's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

Pursuant to the Consolidated Text of the Spanish Companies Law, profit may not be distributed unless the amount of the unrestricted legal reserves is at least equal to the amount of research and development expenses included under assets in the statement of financial position. In this case the reserves allocated to meet this requirement are considered to be restricted reserves.

Capital redemption reserve fund

As a result of the retirement of the Parent Company's shares carried out in 2020 and 2019, in accordance with that established in Article 335 c) of the Consolidated Text of the Spanish Corporate Enterprises Act, ACS, Actividades de Construcción y Servicios, S.A. arranged a restricted "Reserve for retired capital" amounting to EUR 39,578 thousand (EUR 30,440 thousand as at December 31, 2019), which is equivalent to the nominal value of the reduced share capital.

Reserve for actuarial gains and losses

This reserve is included under "Adjustments for changes in value" and is the only item that is not transferred to the consolidated income statement since it is directly attributable to net equity. This item includes the effects on pension plans due to actuarial impacts such as changes in the technical interest rate, mortality tables, etc.

15.03.02. Reserves at consolidated companies

The breakdown, by line of business, of the balances of these accounts in the consolidated statement of financial position as at December 31, 2020 and 2019, after considering the effect of consolidation adjustments, is as follows:

	Thousands of Euros	
	Balance at 31/12/2020	Balance at 31/12/2019
Construction	3,099,436	3,595,193
Industrial Services	1,154,948	900,100
Services	64,833	53,681
Corporate Unit	(4,927,722)	(4,926,555)
Total	**(608,505)**	**(377,581)**

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) that place restrictions on the distribution of dividends until certain ratios are met.

15.04. Treasury shares

The changes in "Treasury shares" in the 2020 and 2019 financial years were as follows:

	2020		2019	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of the reporting period	**11,386,246**	**402,542**	**6,442,991**	**221,505**
Purchases	32,494,620	738,218	15,753,833	570,410
Depreciation and sales	(18,276,225)	(504,749)	(10,810,578)	(389,373)
At end of the reporting period	**25,604,641**	**636,011**	**11,386,246**	**402,542**

On February 4, 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase of capital against reserves approved by the Ordinary General Shareholders' Meeting held on May 10, 2019, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,899,168, the corresponding nominal amount of the increase in capital being EUR 1,449,584.00. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,449,584.00 by means of the redemption of 2,899,168 treasury shares and an allocation of an equal amount of EUR 1,449,584.00 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

On June 10, 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first increase of capital against the issue premium approved by the Ordinary General Shareholders' Meeting held on May 8, 2020, and, so that once the process is concluded in July 2020, the definitive number of ordinary shares is to be set at EUR 0.5 par value each to be issued at 11,377,057, the corresponding nominal amount of the increase in capital being EUR 5,688,528.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 5,688,528.50 by means of the redemption of 11,377,057 treasury shares and an allocation of an equal amount of EUR 5,688,528.50 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

On January 11, 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to the issue premium approved by the Ordinary General Shareholders' Meeting held on May 8, 2020, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.01) through the redemption of the required treasury shares.

On January 9, 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase of capital against reserves approved by the Ordinary General Shareholders' Meeting held on May 8, 2018, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,965,728, the corresponding nominal amount of the increase in capital being EUR 1,482,864. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,482,864 by means of the redemption of 2,965,728 treasury shares and an allocation of an equal amount of EUR 1,482,864 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

On June 11, 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first increase of capital against reserves approved by the Ordinary General Shareholders Meeting held on May 10, 2019, and, once the process was finished in July 2019, the definitive number of ordinary shares was set at EUR 0.5 par value each to be issued at 7,836,637, the corresponding nominal amount of the increase in capital being EUR 3,918,318.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 3,918,318.50 by means of the redemption of 7,836,637 treasury shares and an allocation of an equal amount of EUR 3,918,318.50 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

As at December 31, 2020, the Group held 25,604,641 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 8.2% of the share capital, with a consolidated net carrying amount of EUR 636,011 thousand, which was recognized in equity under "Treasury shares" in the consolidated statement of financial position. As at December 31, 2019, the Group held 11,386,246 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 3.6% of the share capital, with a consolidated net carrying amount of EUR 402,542 thousand, which was recognized in equity under "Treasury shares" in the consolidated statement of financial position.

On May 25, 2020, ACS agreed to amend the treasury shares repurchase program (the "Repurchase Program") of which the CNMV was notified on February 24, 2020, extending the maximum number of shares to be acquired by 12,000,000 and also the maximum investment to EUR 600 million and extending the duration of the period until March 31, 2022.

The average purchase price of ACS shares in 2020 was EUR 22.72 per share (EUR 36.21 per share in 2019).

15.05. Interim dividend

On June 19, 2020, ACS, Construction and Services Activities, S.A., agreed to allocate an interim dividend of EUR 0.16 per share in cash from the 2020 profits. This represented a total dividend of EUR 46,256 thousand, which was paid on July 6, 2020. To this end, during their meeting held on June 19, 2020, the Board of Directors drew up the accounting statement required by Article 277 of the Public Limited Companies Act, in which the existence of enough liquidity to distribute the aforementioned amount as an interim dividend was proven.

On January 11, 2021, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second execution of the capital increase with a charge to reserves approved by the Ordinary General Meeting of Shareholders held on May 8, 2020. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second execution of the reduction of the share capital by amortization of its treasury shares approved at the same General Shareholders' Meeting for a maximum amount equal to the amount in which the share capital is actually increased as a result of the second execution of the capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second execution of the capital increase charged to reserves agreed upon at the General Shareholders' Meeting held on May 8, 2020 (through which an optional dividend in shares or cash is structured), was set at 4,931,184 on January 19, 2021.

The price at which ACS, Actividades de Construcción y Servicios, S.A., undertook to purchase from its shareholders the free allocation rights corresponding to the said second execution of the capital increase was determined at a fixed gross amount of EUR 0.452 for each right.

After the negotiation period for the free allocation rights corresponding to the second execution of released capital increase, the irrevocable commitment to the purchase of rights assumed by ACS was accepted by the holders of 39.68% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in February 2021 the following events took place:

- The dividend was determined to be a total gross amount of EUR 55,716,280.82 (EUR 0.452 per share) and was paid on February 9, 2021.
- The number of final shares subject to the capital increase was 2,568,165 for a nominal amount of EUR 1,284,082.50, which were redeemed simultaneously for the same amount (see Note 32).

15.06. Adjustments for changes in value

The net changes in the balance of this heading in 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	**2019**
Beginning balance (*)	**(356,377)**	**(297,834)**
Hedging Instruments	7,449	(108,066)
Available-for-sale financial assets	(6,758)	12,635
Exchange differences	(313,086)	36,888
Ending balance	**(668,772)**	**(356,377)**

(*) Data restated

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the consolidated statement of financial position and to future transaction commitments qualifying for hedge accounting. The variations in the period are mainly due to the exchange differences generated by the change in the exchange rate of the US dollar, the Brazilian real and the Canadian dollar.

The changes relating to financial assets with changes in other comprehensive income include the unrealized gains or losses arising from changes in their fair value net of the related tax effect.

The translation differences as at January 1, 2004, were recognized in the transition to IFRS as opening reserves. Consequently, the amount presented in the Group's consolidated statement of financial position as at December 31, 2020, relates exclusively to the difference arising in the period from 2004 to 2020, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euro of the balances in the functional currencies of fully and proportionately consolidated companies and as companies accounted for using the equity method whose functional currency is not the euro.

As at December 31, 2020 and 2019, the main translation differences, by currency, were as follows:

	Thousands of Euros	
	Balance at 31/12/2020	**Balance at 31/12/2019 (*)**
U.S. Dollar (USD)	(73,826)	19,698
Australian Dollar (AUD)	(46,442)	33,655
Canadian Dollar (CAD)	(9,607)	785
Brazilian Real (BRL)	(112,195)	(62,768)
Mexican Peso (MXN)	15,837	(1,363)
Argentine Peso (ARS)	(55,813)	(49,502)
Chilean Peso (CLP)	(6,071)	(7,502)
Other currencies	(193,725)	(101,758)
Total	**(481,842)**	**(168,755)**

(*) Data restated

At December 31, 2020, in addition to the balance of translation differences, the balance of "Valuation adjustments" include a loss of EUR 159,383 thousand for hedging instruments (EUR -166,833 thousand as at December 31, 2019) and a negative amount of EUR -27,547 thousand for assets available for sale with changes in other comprehensive income (EUR -20,789 thousand as at December 31, 2019).

15.07. Non-controlling interests

The detail, by divisions, of the balance of "Non-controlling interests" in the consolidated statement of financial position as at December 31, 2020 and 2019, is as follows:

Line of Business	Thousands of Euros					
	Balance at 31/12/2020			Balance at 31/12/2019 (*)		
	Non-controlling interests	Profit attributed to non-controlling interests	Result discontinued operations	Non-controlling interests	Profit attributed to non-controlling interests	Result discontinued operations
Infrastructure	306,019	320,500	32,440	1,161,842	463,303	(639,300)
Industrial Services	81,995	2,849	—	92,008	1,691	—
Services	4,929	(1,304)	—	3,470	1,868	—
Total	**392,943**	**322,045**	**32,440**	**1,257,320**	**466,862**	**(639,300)**

(*) Data restated.

"Non-controlling interests" mainly relates to the full consolidation of Hochtief which includes both the ownership interests of the non-controlling shareholders of Hochtief as well as the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 293,012 thousand as at December 31, 2020 (EUR 309,443 thousand as at December 31, 2019), which mainly relate to the non-controlling shareholders of Cimic Group Limited.

Accordingly, the only significant non-controlling interest is Hochtief, with the following information:

	Thousands of Euros	
	31/12/2020	31/12/2019 (*)
Non-current assets	5,263,746	6,260,433
Current assets	11,717,809	12,744,580
Non-current liabilities	5,190,506	4,635,244
Current liabilities	10,828,429	12,774,851
Equity	**962,620**	**1,594,918**
Of which: Non-controlling interests Hochtief	293,012	309,443
Non-controlling interests of Hochtief included in equity of the ACS Group	**612,908**	**946,612**
Turnover	22,953,752	25,851,855
Profit before tax	**881,946**	**1,049,642**
Income tax	(332,305)	(257,874)
Profit for the period from continuing operations	**549,641**	**791,768**
Profit after tax from discontinued operations	32,439	(1,053,084)
Profit for the period	**582,080**	**(261,316)**
Of which: Non-controlling interests Hochtief	(154,839)	55,069
Profit attributable to the parent	**427,241**	**(206,247)**
Non-controlling interests included in profit or loss for the year	**(358,948)**	**157,299**
Cash flows from operating activities	707,722	1,117,012
Cash flows from investing activities	711,673	(861,019)
Cash flows from financing activities	(632,142)	573,051

(*) Data restated.

The decrease in non-controlling interests of EUR 264,320 thousand in the 2020 financial year is due to the increase in the stake in Hochtief from 50.4% to 52.2% and Cimic from 72.8% to 78.6% (see Note 02.02 (f)).

"Non-controlling interests" in the accompanying consolidated statement of financial position reflects the proportionate share of the equity of Group companies in which there are non-controlling shareholders. The changes in 2020, by item, were as follows:

	Thousands of Euros
Balance at December 31, 2019 (*)	**1,084,882**
Profit for the year from continuing operations	354,485
Dividends received	(248,819)
Changes in shareholdings in controlled companies and others	(234,268)
Adjustments for changes in value	(208,852)
Balance at December 31, 2020	**747,428**

(*) Data restated.

The changes in 2019, by item, were as follows:

	Thousands of Euros
Balance at January 01, 2019 (*)	**1,523,984**
Profit for the year from continuing operations	(172,438)
Dividends received	(290,634)
Changes in shareholdings in controlled companies and others	(14,504)
Adjustments for changes in value	38,474
Balance at December 31, 2019 (*)	**1,084,882**

(*) Data restated.

At December 31, 2020, the shareholders with an ownership interest equal to or exceeding 10% of the subscribed capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Construction		
Hochtief, A.G.	18.01%	Atlantia S. p. A.
Construrail, S.A.	49.00%	Renfe Mercancías SME, S.A.
Gasoductos y Redes Gisca, S.A.	47.50%	Spie Capag, S.A.
BICC Contracting LLC	55.00%	Riad Al Sadik
Industrial Services		
Procme, S.A.	25.46%	GESTRC SGPS
Serpista, S.A.	39.00%	Iberia, S.A.
Monclova Pirineos Gas, S. A. de C.V.	30.55%	Atlantic Energy Investment, S.L. (10,55%)
		Constructora Industrial de Monclova, S.A. de C.V. (15%)
Petrolíferos Tierra Blanca, S.A. de C.V.	65.27%	Alfasid del Norte, S.A. (50%)
Dankocom Pty Ltd	48.00%	Navolox (20%)
		Sener Engineering and Construction South Africa Property Limited (28%)
Oilserv S.A.P.I. de C.V.	65.28%	Newpek, S.A. de C.V. (50%)
Services		
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, S.A.

16. Grants

The changes in the balance of this heading in 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	2019
Beginning balance	**2,697**	**3,227**
Exchange differences	(1)	9
Additions	1,431	439
Transfers	(97)	(69)
Recognition in income statement	(545)	(909)
Ending balance	**3,485**	**2,697**

The grants related to assets recognized in the consolidated income statement (recognized under "Allocation to profit or loss of grants related to non-financial non-current assets and other grants" in the consolidated income statement) amounted to EUR 545 thousand before tax in 2020 (EUR 909 thousand in 2019). The timing of recognition in profit or loss, by year, is detailed as follows:

	Thousands of Euros					
	31/12/2020			31/12/2019		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	1,111	1,307	1,067	482	1,071	1,144

The grants for COVID-19 were not significant in the 2020 financial year.

17. Bank borrowings, bonds and other marketable securities

The breakdown of the ACS Group's financial liabilities at December 31, 2020 and 2019, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2020		31/12/2019 (*)	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	3,137,017	943,609	2,531,291	2,073,134
Bank borrowings	5,116,027	1,853,689	4,147,267	1,415,304
- with limited recourse	73,318	16,123	122,496	18,502
- other	5,042,709	1,837,566	4,024,771	1,396,802
Other financial liabilities	116,992	88,510	160,631	162,073
Total	**8,370,036**	**2,885,808**	**6,839,189**	**3,650,511**

(*) Data restated.

17.01. Bonds and other marketable securities

As at December 31, 2020, the ACS Group had debentures and bonds issued amounting to EUR 3,137,017 thousand in non-current issues and EUR 943,609 thousand in current issues (EUR 2,531,291 thousand non-current and EUR 2,073,134 thousand in current issues, respectively, as at December 31, 2019) from CIMIC, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and ACS Servicios Comunicaciones y Energía, S.A.

The most significant variations as at December 31, 2020, are as follows:

- In 2020, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) program for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. Through this program, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. As at December 31, 2020, the issues outstanding under the aforementioned programs amounted to EUR 247,041 thousand (EUR 378,900 thousand at December 31, 2019).
- It has also renewed its debt issue program, called the Euro Medium Term Note Program (EMTN Program), for a maximum amount of EUR 1500 million which was approved by the Central Bank of Ireland. On the basis of this program, ACS, Actividades de Construcción y Servicios, S.A., on June 8, 2020, went to the Euromarket for the issue of a five-year senior bond, for a total amount of EUR 750 million, maturing on June 17, 2025, with a 1.375% annual coupon. Demand has been over twice the amount of the issue and the portion allocated to private investors has been distributed to residents in different European countries.
- Furthermore, in 2020, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) program, increasing the maximum amount of EUR 300 million in the previous year to EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to Article D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. At December 31, 2020, the issues outstanding under this program amounted to EUR 238,000 thousand (EUR 245,000 thousand as at December 31, 2019).
- In March 2020, the corporate bond of Hochtief, A.G. was paid at maturity and in full in the amount of EUR 750 million. This operation was already refinanced in 2019 by the issuance of 8-year and 12-year corporate bonds under improved terms with a total amount of EUR 750 million. The first was issued for an amount of EUR 500 million, with an annual interest rate of 0.5% and maturity in 8 years (until September 2027). The second bond is for EUR 250 million, with an annual interest rate of 1.25% and a maturity of 12 years (until September 2031).
- In order to optimize and diversify the Group's funding, Hochtief, A.G. launched a commercial paper program with a limit of EUR 750 million in May 2020. Under this program, bonds have maturities of up to one year. As at December 31, 2020, the use of the commercial paper program amounted to EUR 276 million with an average maturity of approximately three months and an average cost of approximately -0.36%.
- In addition, the bond issue for a nominal amount of EUR 500,000 thousand at a fixed annual interest rate of 2.875% of ACS, Actividades de Construcción y Servicios, S.A. was paid when it matured on April 1, 2020.

The detail, by maturity, of these debentures and bonds as at December 31, 2020 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Debentures and bonds	**943,609**	164,458	50,000	—	2,922,559	**3,137,017**

The detail, by maturity, of these debentures and bonds as at December 31, 2019 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Debentures and bonds	**2,073,134**	119,884	179,785	50,000	2,181,622	**2,531,291**

The detail of the ACS Group's main bonds as at December 31, 2020 and 2019, is as follows:

Bonds	Carrying amount 31/12/2020	Carrying amount 31/12/2019	Price 31/12/2020	Price 31/12/2019	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Matures
ACS 750	750,455	—	102.67%	—	750	1.375%	5	April 2025
ACS 500	—	510,431	Vencido	100.57%	500	2.875%	5	April 2020
ACS 120	120,351	120,252	n.a.	n.a.	120	0.375%	2	February 2021
ACS 50	50,001	50,001	n.a.	n.a.	50	0.785%	4.11	June 2023
ACS SC&E	755,551	754,372	107.76%	105.62%	750	1.875%	8	April 2026
HOCHTIEF 750	—	772,565	Vencido	100.82%	750	3.875%	7	March 2020
HOCHTIEF 500	501,949	501,413	107.06%	106.08%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	46,389	44,662	n.a.	n.a.	46	0.769%	6	June 2025
HOCHTIEF 50	50,622	50,609	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	496,278	495,597	101.42%	98.52%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	96,083	104,139	n.a.	n.a.	96	1.700%	10	July 2029
HOCHTIEF 250	249,246	249,079	102.38%	98.45%	250	1.250%	12	September 2031
CIMIC; 115 USD	—	102,712	Vencido	n.a.	103	5.780%	10	July 2020
CIMIC FINANCE 500 USD	164,458	179,785	103.75%	106.38%	164	5.950%	10	November 2022

17.02. Loans and credit facilities

17.02.01. Loans and credit facilities

The detail of the bank borrowings as at December 31, 2020, along with the repayment schedules, are as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Bank loans in euros	**1,163,256**	475,417	1,314,440	294,648	1,096,851	**3,181,356**
Foreign currency loans	**669,155**	620,719	600,786	615,555	6,370	**1,843,430**
Other financial debs	**5,155**	6,914	5,711	3,191	2,107	**17,923**
Total	**1,837,566**	**1,103,050**	**1,920,937**	**913,394**	**1,105,328**	**5,042,709**

The detail of the bank borrowings as at December 31, 2019, along with the repayment schedules are as follows:

	Thousands of Euros					
	Current (*)	Non-current (*)				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Bank loans in euros	**434,524**	179,880	318,087	1,061,485	1,373,743	**2,933,195**
Foreign currency loans	**954,985**	170,609	361,755	115,108	426,511	**1,073,983**
Other financial debs	**7,293**	6,103	5,470	4,572	1,448	**17,593**
Total	**1,396,802**	**356,592**	**685,312**	**1,181,165**	**1,801,702**	**4,024,771**

(*) Data restated.

The ACS Group's most significant bank loans are as follows:

- On October 13, 2020, ACS, Actividades de Construcción y Servicios, S.A. extended the maturity date of the bank syndicated loan for an additional year to October 13, 2025. In 2019, ACS, Actividades de Construcción y Servicios, S.A. renewed the syndicated bank loan for an amount of EUR 2,100,000 thousand, divided into two tranches (loan tranche A, fully drawn down, for EUR 950,000 thousand and tranche B, for a liquidity facility of EUR 1,150,000 thousand), maturing on October 13, 2024, which can be extended for a further two years, with lower margins. No amount had been drawn from the liquidity facility for Tranche B at December 31, 2020 and 2019.
- In the context of the acquisition of Abertis, in 2018, ACS, Actividades de Construcción y Servicios, S.A. formalized loan agreements with various entities in the amount of EUR 750 million, with differing maturities in 2023 (between June 28 and December 12, 2023), at market interest rates tied to Euribor, which were reduced by EUR 50 million in 2019, so that at the end of the 2019 financial year and as at December 31, 2020, the outstanding capital stood at EUR 700 million.
- The credit financing granted by an international syndicate of banks to the investee Hochtief, A.G. for a total of EUR 1,700,000 thousand (it has a tranche for guarantees amounting to EUR 1,200,000 thousand and a credit facility of EUR 500,000 thousand), maturing in August 2023, was extended by one year until August 2024. In order to temporarily increase liquidity reserves during the Covid-19 pandemic, Hochtief, A.G. had access to the EUR 500 million of the credit line tranche in March 2020 (as at December 31, 2019, there were no amounts arranged for the credit line tranche).
- In order to have additional liquidity, Hochtief secured a one-year syndicated loan of EUR 400 million in May 2020, which as at December 31, 2020, was fully disposed of and invested in liquid assets.
- CIMIC syndicated funding with the following maturities was also maintained as at December 31, 2020:
    - AUD 1,300 million maturing on September 22, 2022.
    - AUD 950 million maturing on September 25, 2023.
    - AUD 950 million maturing on September 25, 2024.

  The amount drawn down as at December 31, 2020, was AUD 2400 million (AUD 200 million at December 31, 2019).
- On January 28, 2020, CIMIC Finance (USA) Pty Limited subscribed syndicated bank financing totaling USD 1,060.0 million, equivalent to AUD 1,514.3 million, maturing on August 5, 2021. The funding has been repaid and as at December 31, 2020, is canceled.
- On June 30, 2020, CIMIC Finance Limited entered into a syndicated bank financing agreement with HSBC as loan agent, in two tranches:
    - USD 105.0 million equivalent to AUD 150.0 million maturing on June 30, 2021.
    - AUD 125.0 million maturing on June 30, 2021.

  The book value of this funding was zero as at December 31, 2020.
- On June 29, 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.) as "Borrowers," signed a syndicated loan agreement with a group of international financial institutions, amounting to USD 270,000 thousand (EUR 225,075 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan bears interest tied to Libor and matures on June 29, 2022, when it will be repaid in full.
- On December 20, 2018, Dragados, S.A. entered into a new syndicated transaction amounting to a total of EUR 323,800 thousand, which was divided into Tranche A as a loan amounting to EUR 161,900 thousand and Tranche B as a credit facility for the same amount as Tranche A. Subsequently, on December 19, 2019, this contract was renewed and tranches A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. As at December 31, 2020, only EUR 231,900 thousand are available from tranche A. Tranche B is not available. The principal of the loan and the credit facility will bear interest linked to Euribor, maturing on December 20, 2023.
- The ACS Group held mortgage loans amounting to EUR 28,329 thousand as at December 31, 2020 (EUR 35,104 thousand as at December 31, 2019).

– As at December 31, 2020, the Group companies had been granted credit facilities with limits of EUR 7,975,802 thousand (EUR 6,762,905 thousand in 2019), of which the amount of EUR 5,492,655 thousand (EUR 5,795,336 thousand as at December 31, 2019) was undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

The unused balances of credit lines granted to Group companies as at December 31, 2020, for maturities are as follows:

	Thousands of Euros					
	Current	No corriente				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Credit lines in euros	**1,772,279**	804,719	517,721	—	1,150,000	**2,472,440**
Credit lines in foreign currency	**736,870**	511,066	—	—	—	**511,066**
Total	**2,509,149**	**1,315,785**	**517,721**	**—**	**1,150,000**	**2,983,506**

The unused balances of credit lines granted to Group companies as at December 31, 2019, for maturities were as follows:

	Thousands of Euros					
	Current	No corriente				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Credit lines in euros	**1,346,653**	544,828	48,603	231,900	1,155,000	**1,980,331**
Credit lines in foreign currency	**426,781**	6,022	789,693	478,828	767,028	**2,041,571**
Total	**1,773,434**	**550,850**	**838,296**	**710,728**	**1,922,028**	**4,021,902**

At December 31, 2020, current and non-current bank borrowings in foreign currency amounted to EUR 2,512,585 thousand (EUR 1,021,719 thousand in 2019), of which EUR 1,657,766 thousand were mainly in Australian dollars (EUR 294,469 thousand in 2019), EUR 643,728 thousand are in US dollars (EUR 510,952 thousand in 2019), EUR 77,426 thousand are in Canadian dollars (EUR 55,225 thousand in 2019), EUR 45,389 thousand are in Brazilian reals (EUR 58,357 thousand in 2019), EUR 34,193 thousand in British pounds sterling (EUR 40,228 thousand in 2019) and EUR 11,778 thousand are in Polish zloty (EUR 13,458 thousand in 2019).

Foreign currency loans and credits are recognized at their equivalent euro value at each year-end, calculated at the exchange rates prevailing as at December 31, (see Note 03.21).

In 2020 the Group's euro loans and credits bore average annual interest of 0.93% (1.18% in 2019). Foreign currency loans and credits bore average annual interest of 1.38% (2.21% in 2019).

In accordance with its risk management policy and in order to reduce liquidity risk, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, limited recourse financing as described in Note 18) and current financing for the management of working capital. The effect of the changes in interest rates on finance costs are indicated in Note 21.

In 2020 and 2019, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. Additionally, up to the date of the preparation of the Consolidated Annual Accounts, the Group had not failed to meet any of its financial obligations. As at December 31, 2020, the ACS Group met all ratios required by its financing arrangements.

17.02.02. Financial liabilities classification

The classification of financial liabilities in accordance with the application of IFRS 9 as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros			
	Value at 31/12/2020	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
LongTerm Financial Liabilities	**8,370,036**	**—**	**—**	**8,370,036**
Debentures and other negotiable securities	3,137,017	—	—	3,137,017
Payables to credit institutions	5,024,786	—	—	5,024,786
Payables on lease of goods	17,923	—	—	17,923
Project financing and debt with limited resources	73,318	—	—	73,318
Other long-term financial payables not in banks	97,883	—	—	97,883
Long-term payables to group and associated companies	19,109	—	—	19,109
Short Term Financial Liabilities	**2,885,808**	**—**	**—**	**2,885,808**
Debentures and other negotiable securities	943,609	—	—	943,609
Payables to credit institutions	1,832,412	—	—	1,832,412
Payables on lease of goods	5,154	—	—	5,154
Project financing and debt with limited resources	16,123	—	—	16,123
Other short-term financial payables not in banks	75,278	—	—	75,278
Short-term payables to group and associated companies	13,232	—	—	13,232

	Thousands of Euros			
	Value at 31/12/2019 (*)	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
LongTerm Financial Liabilities	**6,839,189**	**—**	**—**	**6,839,189**
Debentures and other negotiable securities	2,531,291	—	—	2,531,291
Payables to credit institutions	4,007,178	—	—	4,007,178
Payables on lease of goods	17,593	—	—	17,593
Project financing and debt with limited resources	122,496	—	—	122,496
Other long-term financial payables not in banks	110,702	—	—	110,702
Long-term payables to group and associated companies	49,929	—	—	49,929
Short Term Financial Liabilities	**3,474,830**	**—**	**—**	**3,474,830**
Debentures and other negotiable securities	2,073,134	—	—	2,073,134
Payables to credit institutions	1,213,827	—	—	1,213,827
Payables on lease of goods	7,293	—	—	7,293
Project financing and debt with limited resources	18,502	—	—	18,502
Other short-term financial payables not in banks	121,577	—	—	121,577
Short-term payables to group and associated companies	40,497	—	—	40,497

(*) Data restated.

18. Project finance with limited recourse

"Project finance with limited recourse" on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects.

The breakdown of this heading, by type of financed asset, as at December 31, 2020, is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	7,593	53,594	**61,187**
Other infrastructures	8,530	19,724	**28,254**
Total	**16,123**	**73,318**	**89,441**

The breakdown of this heading, by type of financed asset, as at December 31, 2019, was as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	5,256	57,189	**62,445**
Water management	4,336	43,851	**48,187**
Other infrastructures	8,910	21,456	**30,366**
Total	**18,502**	**122,496**	**140,998**

The detail, by maturity, of non-current financing as at December 31, 2020 and 2019, is as follows:

	Miles de Euros				
	Maturity in				
	2022	2023	2024	2025 and subsequent years	Total
Balance at December 31, 2020	18,903	20,082	16,613	17,720	**73,318**

	Miles de Euros				
	Maturity in				
	2021	2022	2023	2024 and subsequent years	Total
Balance at December 31, 2019	19,910	23,292	24,358	54,936	**122,496**

Project financing

The Group has arranged various interest rate hedges in connection with the aforementioned financing (see Note 22).

The average interest rate for this type of project financing amounted to an annual 4.31% in 2020 and 5.11% in 2019.

The debts relating to limited recourse financing are secured by non-current assets in projects and include clauses requiring that certain ratios be complied with by the project and which were being met in all cases as at December 31, 2020. Except as specifically mentioned in the preceding paragraphs in relation to each of the most relevant financing, as at December 31, 2020 and 2019, there were no guarantees in the form of collateral.

In 2020 and 2019, the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. Additionally, up to the date of the preparation of the Consolidated Annual Accounts, the Group had complied with all its financial obligations.

19. Other financial liabilities

The breakdown of the balances of this heading in the consolidated statements of financial position as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros			
	Balance at 31/12/2020		Balance at 31/12/2019	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	34,251	6,404	42,018	6,977
Payable to associates	19,109	7,565	49,929	27,487
Other	63,632	74,541	68,684	127,609
Total	**116,992**	**88,510**	**160,631**	**162,073**

The amount corresponding to "Other financial liabilities" on the consolidated statement of financial position includes, essentially, the financing obtained from public bodies in various countries to carry out certain infrastructure projects.

"Non-bank borrowings at a reduced interest rate" are loans at reduced or zero interest rates granted by the Ministry of Economy, Industry and Competition and dependent agencies. The effect of the financing at market interest rates would not be material.

20. Provisions

20.01. Non-current

The changes in non-current provisions in 2020 were as follows:

NON-CURRENT	Thousands of Euros						
	Provision for pensions and similar obligations	Personnel-related Provisions	Provision for taxes	Provision for third-party liability	Provision for environmental actions	Provisions for actions on infrastructure	Total
Balance at December 31, 2019 (*)	**428,194**	**150,510**	**130,697**	**657,610**	**—**	**13,204**	**1,380,215**
Additions or charges for the year	7,601	17,293	2,428	47,691	—	3,565	78,578
Reversals	(9,929)	(17,921)	(110)	3,096	—	—	(24,864)
Amounts used	(1)	(63)	(125,901)	(84,546)	—	(12,811)	(223,322)
Increases due to the passing of time and the effect of exchange rates on discount rates	62,492	—	—	—	—	—	62,492
Exchange differences	(6,748)	(10,613)	(1)	(34,870)	—	—	(52,232)
Changes in the scope of consolidation	—	(3,579)	—	4,288	—	—	709
Transfers	—	(1,120)	—	55,919	—	—	54,799
Balance at December 31, 2020	**481,609**	**134,507**	**7,113**	**649,188**	**—**	**3,958**	**1,276,375**

(*) Data restated.

The increase in provisions for pensions and similar obligations has mainly been due to the decrease by Hochtief of the discount rate used to measure its pension obligations in Germany, the United States and the United Kingdom to 1.14%, 2.40% and 1.60%, respectively, as at December 31, 2020 (1.30%, 2.98% and 2.05%, respectively, as at December 31, 2019).

The Group companies recognize provisions on the liability side of the accompanying consolidated statement of financial position 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 recognized when the related obligation arises and the amount recognized 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 recognized as interest cost in the consolidated income statement. The Group has proceeded to re-evaluate the provisions that existed at the end of the previous financial year on the basis of the information available at the end of the 2020 financial year, which is why it has been concluded that some of them are not necessary.

Following is detailed information on the Group's provisions, distributed into three large groups:

20.01.01 Provisions for pensions and similar obligations

On the one hand, defined benefit pension commitments were entered into by companies included in the group as a result of the merger by absorption of Dragados Group in 2003. These commitments were externalized through collective life insurance contracts, in which investments have been allocated whose flows coincide in time and amounts with the amounts and payment timetable of the insured benefits. Based on the valuation made, the amounts required to meet the commitments to current and retired employees amounted, as at December 31, 2020, to EUR 4,727 thousand (EUR 5,431 thousand in 2019) and EUR 142,990 thousand (EUR 148,741 thousand in 2019), respectively. The actuarial assumptions used in 2020 and 2019 valuations detailed above, are as follows:

Annual rate of increase of maximum social security pension deficit	2.00%
Annual wage increase	2.35%
Annual CPI growth rate	2.00%
Mortality table (*)	PERM/F-2000 P

(*) Guaranteed assumptions which will not vary

The interest rates applied since the pension obligations were externalized ranged from a maximum of 5.93% to a minimum 0.01%. In the financial years 2020 and 2019 the applied interest rate was 0.01%.

The amounts relating to the aforementioned pension obligations, recognized under "Personal expenses" in the consolidated income statement for 2020, gave rise to income of EUR 1 thousand in 2020 (EUR 51 thousand in 2019), relating mainly to the regularization and redemption of the pension obligation, for accrued and unpaid income, of a certain group of employees from Grupo Dragados.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other Group companies have alternative pension system obligations to certain members of the management team and Board of Directors of the Parent Company. These obligations have been formalized through several group savings insurance policies which provide benefits in the form of a lump sum, which represented a contribution in 2020 of EUR 4790 thousand and was recognized under "Personal expenses" in the consolidated statement of financial position. In 2019, the contribution in this connection amounted to EUR 4,755 thousand.

Except as indicated above, in general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalize their pension and other similar obligations to employees. The Group has no liability in this connection.

Some of the Group's foreign companies are obligated to supplement the retirement benefit and other similar obligations to its employees, including those from the Hochtief Group. 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 recognized under "Non-current provisions – Provisions for pensions and similar obligations" in the accompanying consolidated statement of financial position, in accordance with IFRS.

Defined benefit plans

Under defined benefit plans, the Group's obligation is to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct commitments under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan in force since January 1, 2000, is a modular defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by Hochtief A.G. every three years and adjusted as necessary. The future pension amount is the sum total of the pension components earned each year. In isolated instances, length-of-service and final salary pension arrangements are in existence for executive staff, although except at Executive Board level such arrangements have no longer been offered since 1995. Benefits comprise an old-age pension, an invalidity pension and a surviving dependants' pension and in almost all cases are granted as a life-long annuity.

Up to December 31, 2013, employees in Germany additionally had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of acquired fund units and the time of retirement, subject to a minimum of the deferred compensation amount plus an increment that is guaranteed by Hochtief and ranges from 3.50% down to 1.75% p.a. At retirement, there is a choice between a lump sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit plans at Turner in the USA and Hochtief UK in the United Kingdom. The plan at Turner was frozen as at December 31, 2003, and no new entitlements can be earned under it. Benefits comprise an old-age pension, an invalidity pension and a surviving dependants' pension. There is a choice at retirement between a lifelong annuity and a lump sum payment. Commitments at Turner also include post-employment benefits in the form of medical care for pensioners. Hochtief UK has a length-of-service, final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise an old-age pension, an invalidity pension and a surviving dependants' pension.

The composition of the Hochtief Group's defined benefit obligations as at December 31, 2020 and 2019, was as follows:

	Thousands of Euros		
	31/12/2020		
	Germany	USA	UK
Active members	145,340	78,340	9,980
Final salary	(29,113)	—	(9,980)
Not final salary	(116,227)	(78,340)	—
Vested benefits	163,479	42,675	19,846
Retirees	509,540	90,078	26,225
Similar obligations	90	65,813	—
Total	**818,449**	**276,906**	**56,051**
Duration in years (weighted)	**15.0**	**9.7**	**18.8**

	Thousands of Euros		
	31/12/2019		
	Germany	USA	UK
Active members	139,931	84,853	12,878
Final salary	(25,631)	—	(12,878)
Not final salary	(114,300)	(84,853)	—
Vested benefits	161,985	42,865	20,470
Retirees	498,022	94,592	16,816
Similar obligations	86	65,508	—
Total	**800,024**	**287,818**	**50,164**
Duration in years (weighted)	**15.0**	**9.7**	**18.8**

Plan assets

Germany

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are fully funded. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are administered by an external trustee and serve exclusively to fund domestic pension obligations. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement and the investment guidelines. Investment decisions are not taken by the trustee, but by an investment committee.

The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three to five years. This uses Monte Carlo simulation to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation in order to ensure that pension liabilities can be met in the long term.

In order to achieve an optimally conservative risk structure, cross-sector risk management has also been adopted. To this end, the services of an independent cross-sector manager, who works autonomously with an annual fixed risk budget in a clearly structured cross-sector risk management process, have been used. Hochtief aims to ensure the full funding of pension obligations and to fund new vested benefits on the basis of current service cost on an annual or at least timely basis. The companies pay in additional amounts from time to time in the event of any shortfall. Pension commitments in Germany in excess of the contribution assessment ceiling applied in the statutory pension insurance scheme are additionally covered using pension liability insurance. Pension liabilities from deferred employee compensation offered as at December 31, 2013, were funded by the purchase of retail fund units. Funding of the obligations served by Hochtief Pension Trust e.V. as at December 31, 2020, amounts to about 45% (51% in 2019); the figure for Germany as a whole is about 51% (57% in 2019). It should be noted in this connection that pension obligations have increased significantly in recent years due to the low level of market interest rates and that the funding ratio is expected to significantly increase again when interest rates recover.

USA

The management of the Turner Group's frozen defined benefit obligations has also been entrusted to a pension fund. Plan assets are administered in trust by BNY Mellon and serve exclusively to fund the plan. Investment decisions are not made by the trust but by a special committee.

The investment of plan assets is based on a regularly compiled ALM study. The investment objectives are to maximize the funding ratio and reduce volatility in the funding ratio. The pension obligations being fully funded at Turner, high-risk investments in equities have been gradually replaced by investments in bonds that are more stable in value. These ideally perform in line with plan liabilities, thus ensuring full funding. There is no statutory minimum funding requirement, but low funding levels result in higher contributions to the Pension Benefit Guarantee Corporation and limits to lump-sum payments, hence the objective is to achieve maximum funding. The funding of obligations covered by Turner's pension fund as at December 31, 2020 is about 108% (106%) in 2019; funding at Turner overall is about 82%, as in the prior year.

United Kingdom

The capitalization of the assets subject to the Hochtief (UK) plan is also carried out by means of a trust. Statutory minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at Hochtief (UK) is about 74% (75% in 2019).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2020		31/12/2019	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	67,008	—	66,750	—
Partially covered by plan assets	872,232	457,633	776,905	415,462
Not fully covered by plan assets	**939,240**	**457,633**	**843,655**	**415,462**
Fully covered by plan assets	212,166	228,342	294,351	309,864
Total	**1,151,406**	**685,975**	**1,138,006**	**725,326**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2020 and 2019 are as follows:

	Percent					
	2020			2019		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	1.00	2.17	1.45	1.30	2.98	2.05
Salary increases	2.75	—	2.00	2.75	—	1.90
Pension increases*	1.50	—	3.30	1.50	—	3.15
Health cost increases	—	5.00	—	—	5.00	—

* Weighted average

The discount factors are derived from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the USA (Turner Group) in 2004 due to the changeover in pension arrangements.

Biometric mortality assumptions are based on published country-specific statistics and experience. The following mortality tables were used in the actuarial calculation of pension obligations:

Germany	Heubeck 2018G mortality tables
USA	PRI2012 mortality table projected generationally with MP2020
UK	S2PxA CMI_2019 (1,25 %) year of birth

The present value of defined benefit obligations and the market value of plan assets have changed as follows:

Changes in the present value of defined benefit obligations

	Thousands of Euros					
	2020			2019		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**800,024**	**337,982**	**1,138,006**	**763,286**	**294,637**	**1,057,923**
Current service costs	6,992	2,454	9,446	6,235	1,807	8,042
Past service cost	—	—	—	—	—	—
Interest expense	10,159	9,168	19,327	14,880	12,335	27,215
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	—	(1,422)	(1,422)	1,556	(2,666)	(1,110)
Actuarial gains / (losses) arising from changes in financial assumptions	35,897	27,937	63,834	60,315	40,066	100,381
Actuarial gains / (losses) arising from experience adjustments	2,222	2,058	4,280	(8,933)	3,841	(5,092)
Benefits paid from Company assets	(425)	(2,814)	(3,239)	(499)	(3,646)	(4,145)
Benefits paid from fund assets	(36,383)	(14,462)	(50,845)	(36,684)	(15,576)	(52,260)
Employee contributions	—	98	98	—	105	105
Effect of transfers	(37)	—	(37)	(34)	—	(34)
Changes in the scope of consolidation	—	—	—	(98)	—	(98)
Currency adjustments	—	(28,042)	(28,042)	—	7,079	7,079
Defined benefit obligations at end of year	**818,449**	**332,957**	**1,151,406**	**800,024**	**337,982**	**1,138,006**

Changes in the market value of plan assets

	Thousands of Euros					
	2020			2019		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**452,797**	**272,529**	**725,326**	**442,187**	**240,051**	**682,238**
Interest on plan assets	5,858	7,284	13,142	8,795	10,032	18,827
Plan expenses paid from plan assets recognized in profit or loss	—	(1,404)	(1,404)	—	(1,081)	(1,081)
Remeasurements						
Return on plan assets no included in net interest expense / income	(9,853)	23,902	14,049	29,496	31,556	61,052
Difference between plan expenses expected and recognized in profit or loss	—	88	88	—	(358)	(358)
Employer contributions	6,147	2,064	8,211	9,003	2,118	11,121
Employee contributions	—	98	98	—	105	105
Benefits paid	(36,383)	(14,462)	(50,845)	(36,684)	(15,576)	(52,260)
Currency adjustments	—	(22,690)	(22,690)	—	5,682	5,682
Plan assets at end of year	**418,566**	**267,409**	**685,975**	**452,797**	**272,529**	**725,326**

Investing plan assets to cover future pension obligations generated actual returns of EUR 27,191 thousand in 2020 (EUR 79,879 thousand in 2019).

The pension provisions are determined as follows:

The fair value of plan assets is divided among asset classes as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
Defined benefit obligations	1,151,406	1,138,006
Less plan assets	685,975	725,326
Funding status	**465,431**	**412,680**
Assets from overfunded pension plans	16,176	15,513
Provision for pensions and similar obligations	**481,607**	**428,193**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

	Thousands of Euros			
	31/12/2020			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	23,085	—	23,085	3.37
European equities	24,858	—	24,858	3.62
Emerging market equities	10,423	—	10,423	1.52
Other equities	14,867	—	14,867	2.17
Bonds				
U.S. government bonds	48,102	1,111	49,213	7.17
European government bonds	22,095	—	22,095	3.22
Emerging market government bonds	25,108	—	25,108	3.66
Corporate bonds	242,892	—	242,892	35.41
Other bonds	17,127	1,709	18,836	2.75
Secure loans				
USA	8,476	—	8,476	1.24
Europe	8,744	—	8,744	1.27
Investment bonds	51,591	—	51,591	7.52
Real state	—	55,866	55,866	8.14
Infrastructure	—	33,909	33,909	4.94
Insurance policies	—	81,085	81,085	11.82
Cash	13,412	—	13,412	1.96
Other	697	818	1,515	0.22
Total	**511,477**	**174,498**	**685,975**	**100.00**

	Thousands of Euros			
	31/12/2019			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	34,430	—	34,430	4.75
European equities	31,248	15,700	46,948	6.47
Emerging market equities	13,815	—	13,815	1.90
Other equities	16,448	—	16,448	2.27
Bonds				
U.S. government bonds	3,275	—	3,275	0.45
European government bonds	25,904	—	25,904	3.57
Emerging market government bonds	22,836	—	22,836	3.15
Corporate bonds	280,516	1,539	282,055	38.89
Other bonds	14,946	2,102	17,048	2.35
Secure loans				
USA	9,261	—	9,261	1.28
Europe	9,229	—	9,229	1.27
Investment bonds	51,804	—	51,804	7.14
Real state	—	57,601	57,601	7.94
Infrastructure	—	31,559	31,559	4.35
Insurance policies	—	81,262	81,262	11.20
Cash	22,592	—	22,592	3.11
Other	(1,643)	902	(741)	(0.10)
Total	**534,661**	**190,665**	**725,326**	**100.00**

Pension expense under defined benefit plans is made up as follows:

	Thousands of Euros					
	2020			2019		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	6,992	2,454	9,446	6,235	1,807	8,042
Post service cost	—	—	—	—	—	—
Total personnel expense	**6,992**	**2,454**	**9,446**	**6,235**	**1,807**	**8,042**
Interest expense for accrued benefit obligations	10,159	9,168	19,327	14,880	12,335	27,215
Interest on plan assets	(5,858)	(7,284)	(13,142)	(8,795)	(10,032)	(18,827)
Net interest expense / income (net investment and interest income)	**4,301**	**1,884**	**6,185**	**6,085**	**2,303**	**8,388**
Plan expenses paid from plan assets recognized in profit or loss	**—**	**1,404**	**1,404**	**—**	**1,081**	**1,081**
Total amount recognized in profit or loss	**11,293**	**5,742**	**17,035**	**12,320**	**5,191**	**17,511**

In addition to the expenses recognized in profit or loss, the consolidated statement of comprehensive income includes EUR 38,747 thousand in actuarial losses recognized in 2020 before deferred taxes and after consolidation changes and exchange rate adjustments (EUR 36,925 thousand in actuarial gains recognized in 2019). Before deferred taxes, the cumulative amount of actuarial losses is EUR 537,777 thousand (EUR 499,030 thousand in 2019).

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as at December 31, 2020, came to EUR 65,813 thousand (EUR 65,508 thousand in 2019). Healthcare costs accounted for EUR 2194 thousand (EUR 1595 thousand in 2019) of the current service cost and EUR 2016 thousand (EUR 2398 thousand in 2019) of the interest expense.

Sensitivity analysis

Pension obligations in the Hochtief Group are subject to the following significant risks:

Interest rate risk

For defined contribution plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes with regard to the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of capital market interest rates. The correspondingly strong impact is due to the relatively long term of the obligations.

Inflation risk

By law, company pensions in Germany must be raised level with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at a fixed 1% p.a., hence there is only minor inflation risk in the pension phase. Turner plans are free from inflation risk as the main defined benefit plan is frozen and no more adjustments to the company pension are made.

Longevity risk

The granting of lifelong pensions means that Hochtief bears the risk of pensioners living longer than actuarial calculations predict. This risk normally averages out across all pension plan members and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligations

	Thousands of Euros					
	31/12/2020					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(57,951)	64,904	(18,327)	20,409	(76,278)	85,313
Discount rate +1,00% / -1,00%	(107,900)	138,887	(34,851)	43,221	(142,751)	182,108
Salary increases +0,50% / -0,50%	619	(602)	591	(558)	1,210	(1,160)
Pension increases +0,25% / -0,25%	19,947	(19,191)	1,442	(1,376)	21,389	(20,567)
Medical costs +1,00% / -1,00%	—	—	—	—	—	—
Life expectancy +1 year	41,615	n/a	9,678	n/a	51,293	n/a

	Thousands of Euros					
	31/12/2019					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(57,156)	63,241	(17,771)	19,692	(74,927)	82,933
Discount rate +1,00% / -1,00%	(107,677)	139,234	(33,860)	41,599	(141,537)	180,833
Salary increases +0,50% / -0,50%	687	(667)	498	(481)	1,185	(1,148)
Pension increases +0,25% / -0,25%	19,071	(18,336)	1,162	(1,118)	20,233	(19,454)
Medical costs +1,00% / -1,00%	—	—	—	—	—	—
Life expectancy +1 year	40,890	n/a	9,066	n/a	49,956	n/a

Discounted Cash Flow

Benefit payments

At December 31, 2020, the pension payments planned for the future are as follows:

	Thousands of Euros
Due in 2019	57,106
Due in 2020	55,985
Due in 2021	57,190
Due in 2022	56,097
Due in 2023	56,235
Due in 2024 to 2028	262,924

Contributions to defined benefit schemes:

Contributions to defined benefit plans in 2021 are expected to be EUR 9300 thousand.

Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations. It has no obligation to pay further contributions.

There are defined contribution plans at Turner, Flatiron and E.E. Cruz in the USA as well as at Cimic in Australia. Depending on length of service and salary level, between 3% and 6% of an employee's salary is paid into an external fund. In addition, Turner employees have an option to pay up to 25% of their salaries into an investment fund as part of a 401 (k) plan. Turner tops up the first 5% of the deferred compensation by up to 100%, depending on length of service. All employees can join the plan immediately and are vested in the company's contributions after three years' service. The majority of payments into the fund receive tax relief, although it is possible to pay contributions on taxed income and receive the investment proceeds tax free; the investment risk is borne by employees. The defined contribution plans at Flatiron and E.E. Cruz are similar to 401(k) plans. All non-union employees are entitled. Flatiron pays a contribution in the amount of 6.0% of the wage or salary, while E.E. Cruz doubles one-third of employee contributions, in each case up to the statutory maximum. In Australia, since July 1, 2014, Cimic has paid 9.50% (previously 9.25%) of the wage and salary total into the statutory pension (superannuation) scheme. The contribution rate is expected to rise incrementally up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. They are able to pay top-up contributions on a voluntary basis. Tax relief is granted on top-up contributions.

The following amounts were paid into defined contribution plans and state pension schemes in 2020 and 2019:

	Thousands of Euros	
	2020	2019
Amounts paid into defined contribution plans		
CIMIC	129,443	131,324
Turner	53,578	55,373
Other	10,899	6,654
Total	**193,920**	**193,351**
Amounts paid into state pension schemes (employer share)	**26,561**	**26,438**

The expenses are recorded as personal expenses in the consolidated income statement.

20.01.02. Provisions for taxes

Non-current provisions include the amounts estimated by the Group to settle claims brought in connection with the payment of various taxes, levies and local taxes, mainly property tax and other possible contingencies, as well as the estimated consideration required to settle probable or certain liabilities and outstanding obligations for which the exact amount of the corresponding payment cannot be determined or for which the actual settlement date is not known, since they are contingent upon meeting certain terms and conditions. These provisions have been provided in accordance with the specific analysis of the probability that the related tax contingency or challenge, might be contrary to the interests of the ACS Group, under the consideration of the country in which it has its origin and in accordance with the tax rates in this country. Since the timing for these provisions is dependent on certain facts, in some cases associated with the decisions handed down by the courts or similar bodies, the Group does not update these provisions given the uncertainty of the exact time in which the related risk may arise or disappear. As mentioned at the beginning of Note 20.01, the Group has proceeded to re-evaluate the provisions that existed at the end of the previous financial year on the basis of the information available at the end of the 2020 financial year, which is why it has been concluded that some of them are not necessary.

20.01.03. Provisions for third-party liability

These relate mainly to the following:

Provisions for litigation

These provisions cover the risks arising from ACS Group companies which are party to certain legal proceedings due to the liability inherent to the activities carried on by them. The lawsuits, although numerous, represent scantly material amounts when considered individually based on the size of the ACS Group. Period charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the ACS Group. As in the case of provisions for taxes, these amounts are not updated to the extent that the time at which the risk arises or disappears depends on circumstances linked to judgments or arbitration and it is impossible to determine the date on which they will be resolved. Additionally, these provisions are not derecognized until the judgments handed down are final and payment is made or there is no doubt as to the disappearance of the associated risk. Note 36 refers to the ACS Group's main contingencies.

Environmental Provisions

The ACS Group has an 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 minimization of the environmental impact of the activities carried on by the Group. These provisions are made to cover any likely environmental risks which might arise.

Guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses relating to obligations arising from contractual and legal obligations which are not of an environmental nature. A significant portion of these provisions is made by increasing the value of those assets related to the obligations in relation to administrative concession at the beginning of the contractual agreement, whose effect on profit or loss occurs when the asset is amortized in accordance with amortization coefficients. Additionally, it includes provisions for toll road concession companies, in relation to the costs of future expropriations borne by the concession companies in accordance with agreements with the grantors as well as the current value of the investments made in concession contracts (including the improvements in infrastructure already foreseen and unavoidable in the initial agreement), according to the respective financial economic models.

Period charges to these provisions are generally mainly made to cover the costs associated with toll road concession contracts and other activities undertaken in the form of a concession. Such provisions are made when the associated commitments arise, the timing of their use being associated with the use of the infrastructure and/or its wear. Timing is analyzed according to the financial and economic model of each concession, considering related historical information in order to adjust for possible deviations that might arise in the payment schedule set for these models.

As at December 31, 2020, the breakdown of provisions for third-party liabilities, by line of business, is as follows:

Line of Business	Thousands of Euros
Construction	391,139
Industrial Services	131,776
Services	24,333
Corporation	101,940
Total	**649,188**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at December 31, 2020, amounting to EUR 224,376 thousand (EUR 201,652 thousand at December 31, 2019) for employee obligations and claims.

20.02. Current

The changes in current provisions in 2020 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operatons	Total
Balance at December 31, 2019 (*)	**13,665**	**40,558**	**1,272,110**	**1,326,333**
Additions or charges for the year	7,961	7,995	362,570	378,526
Amounts used	(159)	(5,609)	(451,042)	(456,810)
Reversals	(7,873)	(10,920)	(68,953)	(87,746)
Exchange differences	(22)	(624)	(55,545)	(56,191)
Changes in the scope of consolidation	—	—	(70,524)	(70,524)
Transfers	1,120	(1,399)	(111,931)	(112,210)
Balance at December 31, 2020	**14,692**	**30,001**	**876,685**	**921,378**

(*) Data restated.

The provision for the completion of the corresponding work, which is for the most part the budgeted or estimated losses during the execution of the works associated with onerous contracts.

The provision for other traffic operations corresponds mainly to provisions recorded in the construction activity to cover risks and claims associated with the works.

21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities and its investments in companies with functional currencies other than the euro. Consequently, the Group evaluates the risks derived from the evolution of the market environment and how these may affect the consolidated annual accounts. Thus, the financial risks to which the operating units are subject include mainly interest rate, foreign currency, liquidity and credit risk. The ACS Group's exposure to climate risk is outlined in the Integrated Report.

21.01. Cash flow interest rate risk

This risk arises from changes in future cash flows relating to borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on the cost of the debt arising from fluctuations in interest rates. For this purpose, financial derivatives which guarantee fixed interest rates or rates with caps and floors are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

The sensitivity of the ACS Group's profit and equity to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, is as follows:

Year	Increase / Decrease in the interest rate (basic points)	Thousands of Euros	
		Effect on profit or loss	Effect on equity
		(prior to tax)	(after tax)
2020	50	8,840	25,743
	-50	(8,840)	(25,743)
2019	50	17,812	36,056
	-50	(17,812)	(36,056)

21.02. Foreign currency risk

Foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the euro and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavors to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five percent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax:

		Millions of Euros			
		2020		2019	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	-11.0	11.0	-14.8	14.8
EUR	BRL	10.0	-10.0	11.1	-11.1
EUR	PEN	2.3	-2.3	2.8	-2.8
EUR	MXN	1.4	-1.4	2.4	-2.4
AUD	USD	3.2	-3.2	2.3	-2.3
EUR	CLP	-3.4	3.4	-0.5	0.5
EUR	AUD	-2.2	2.2	-0.1	0.1
EUR	CAD	4.0	-4.0	1.7	-1.7

Effect on equity before tax:

		Millions of Euros			
		2020		2019	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	102.0	-102.0	46.2	-46.2
EUR	MXN	16.5	-16.5	21.0	-21.0
EUR	BRL	18.3	-18.3	14.1	-14.1
AUD	USD	-19.0	19.0	-11.5	11.5
EUR	CAD	12.1	-12.1	3.2	-3.2
EUR	GBP	11.0	-11.0	7.7	-7.7
EUR	PEN	6.0	-6.0	6.9	-6.9
EUR	CLP	11.1	-11.1	6.3	-6.3

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

As at December 31, 20200

	Millions of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2020
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	1,438	24,963	35,918	9	62,328
Loans to associates	770,459	3	13	—	65,522	57,286	42,061	935,344
Other loans	1,512	—	—	5,564	14	—	2,191	9,281
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	275,887	18,131	—	—	—	1,690,115	27,738	2,011,871
Bank borrowings, debt, and other held-for-trading liabilities (current)	340,088	27,248	(72)	23,151	(7,634)	132,109	135,067	649,957

As at December 31, 2019

	Millions of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2019
Marketable securities (portfolio of short-term and long-term investments)	35,343	1	—	1,438	15,877	70,126	10	122,795
Loans to associates	559,504	46	13	9	77,292	13,854	45,016	695,734
Other loans	1,568	—	—	5,686	16	—	2,806	10,076
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	284,000	37,733	—	—	17,787	474,254	40,908	854,682
Bank borrowings, debt, and other held-for-trading liabilities (current)	151,171	20,582	(30)	29,129	24,859	102,711	120,780	449,202

21.03. Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group's ordinary operations, different forms of bank financing, capital market transactions and divestments.

The ACS Group has a policy for the proactive management of liquidity risk through the comprehensive monitoring of cash and anticipation of the expiration of financial operations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium- and long-term fund requirements. In this connection, the use of project finance with limited recourse as described in Note 18 and current financing for working capital requirements are noteworthy.

In this connection, in 2020, certain transactions were carried out which significantly reduced the liquidity risk of the ACS Group. The following stand out:

- ACS, Actividades de Construcción y Servicios, S.A., has renewed the Euro Commercial Paper (ECP) programs for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) program increasing the maximum amount from EUR 300 million to EUR 500 million and the debt issue program known as the Euro Medium Term Note Program (EMTN program) for a maximum amount of EUR 1,500 million. The latter program issued a total amount of EUR 750 million in 2020 with a demand that was more than twice the amount of the issue.
- On October 13, 2020, ACS, Actividades de Construcción y Servicios, S.A. extended the date of the bank syndicated loan by an additional year
- The General Shareholders' Meeting held on May 8, 2020, approved delegating to the Board of Directors the power to increase, on one or more occasions, the share capital of the Company by a maximum amount of up to 50% of the capital, within a maximum period of five years from the date of the above-mentioned General Meeting as detailed in Note 15.01.
- In March 2021, the ratings agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A., a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

These refinancing transactions improved the liquidity of the ACS Group's operations, which combined with the generation of resources by its activities, will allow it to adequately fund its operations in 2021.

Under the heading "Other current financial assets" in the consolidated statement of financial position as at December 31, 2020 (see Note 10), which amounts to EUR 1,354,982 thousand (EUR 1,339,029 thousand as at December 31, 2019), the amount of EUR 771,948 thousand (EUR 443,650 thousand as at December

31, 2019) could be settled in fewer than three months at the option of the Group due to the instrument's own liquid nature or its own term. In addition, the fair value of forward purchase contracts (settled for differences) relating to ACS shares amounting to EUR 247,163 thousand as at December 31, 2020, are considered to be liquid and may be disposed of at any time (see Note 22).

As a precautionary measure against this risk, the Annual General Meeting of the ACS Group held on May 10, 2019, approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following May 10, 2019, securities convertible and/or exchangeable for shares of the Company, as well as warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, for a total amount of up to three billion euro; as well as the power to increase the share capital by the necessary amount, along with the power to exclude, where appropriate, the preemptive subscription rights up to a limit of 20% of the share capital. as indicated in Note 15.01.

21.04. Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as far as possible by means of the preventive assessment of the solvency rating of the Group's potential clients. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge to profit and loss for the year. The credit risk has historically been very limited.

Additionally, the ACS Group is exposed to the risk of breach by its counterparties in transactions involving financial derivatives and cash placement. The Corporate management of the ACS Group establishes counterparty selection criteria based on the quality of credit of the financial institutions which translates into a portfolio of entities of high quality and solvency.

The status of defaulting clients that are not impaired as at December 31, 2020 and 2019, is detailed below:

	Thousands of Euros			
	31/12/2020			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	**32,347**	**32,369**	**479,224**	**543,940**
State	9,588	6,737	44,410	**60,735**
Autonomous Communities	6,444	1,935	2,985	**11,364**
Municipalities	12,281	5,850	13,381	**31,512**
Autonomous organizations and Government Companies	4,034	17,847	418,448	**440,329**
Private Sector	**98,988**	**18,871**	**63,380**	**181,239**
Total	**131,335**	**51,240**	**542,604**	**725,179**

	Thousands of Euros			
	31/12/2019			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	**69,860**	**44,518**	**185,164**	**299,542**
State	12,192	13,929	46,349	**72,470**
Autonomous Communities	4,452	4,460	19,218	**28,130**
Municipalities	5,997	2,490	9,067	**17,554**
Autonomous organizations and Government Companies	47,219	23,639	110,530	**181,388**
Private Sector	**116,413**	**33,646**	**114,824**	**264,883**
Total	**186,273**	**78,164**	**299,988**	**564,425**

It is the opinion of the Directors that the foregoing matured balances, particularly those related to public bodies, over which interest accrual rights exist, would not entail significant losses for the Group.

21.05. Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

In 2020, the exposure in derivative agreements related to remuneration systems and in forward purchase contracts for settlement by differences linked to the performance of the ACS, Actividades de Construcción y Servicios, S.A. share price (see Note 22) is noteworthy. Equity swaps eliminate the uncertainty regarding the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has an effect on the consolidated income statement (positive in the case of an increase in share price up to the strike value offered to the beneficiaries and negative if this is not the case).

Changes in the price of the shares of listed companies, with regard to which the ACS Group has derivative instruments, financial investments, etc., will have an impact on the consolidated income statement thereof.

21.06. Capital management

The objectives of capital management at the ACS Group are to maintain an optimum financial and net worth structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue to operate with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt/equity ratio, calculated as net equity divided by net financial debt is taken to be:

+ Net debt with recourse:
    + Non-current bank borrowings
    + Current bank borrowings
    + Issue of bonds and debentures
    – Cash and other current financial assets
+ Debt from project finance and debt with limited recourse.

The Group's directors consider that the gearing ratio as at December 31, 2020 and 2019, was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019 (*)
Net recourse debt / (cash)	**1,730,330**	**878,406**
Non-current bank borrowings (Note 17.02)	5,042,709	4,024,771
Current bank borrowings (Note 17.02)	1,837,564	1,396,802
Issue of bonds and debentures (Note 17.01)	4,080,626	4,604,425
Other financial liabilities (Note 19)	205,504	322,704
Long term deposits, other current financial assets and cash	(9,436,073)	(9,470,296)
Project financing with limited recourse (Note 18)	**89,441**	**140,998**
Net financial / (Net cash)	**1,819,771**	**1,019,404**
Equity (Note 15)	**4,275,907**	**5,505,968**

(*) Data restated.

21.07. Estimate of fair value

The breakdown as at December 31, 2020 and 2019, of the ACS Group's assets and liabilities measured at fair value according to the hierarchy levels mentioned in Note 03.08.06 is as follows:

	Thousands of Euros			
	Value at 31/12/2020	Level 1	Level 2	Level 3
Assets	**1,225,185**	**473,780**	**681,386**	**70,019**
Equity instruments	207,782	128,220	9,543	70,019
Debt securities	748,240	345,486	402,754	—
Derivative financial instruments				
Non-current	17,847	3	17,844	—
Current	251,316	71	251,245	—
Liabilities	**205,251**	**55**	**197,018**	**8,178**
Derivative financial instruments				
Non-current	49,791	13	41,600	8,178
Current	155,460	42	155,418	—

	Thousands of Euros			
	Value at 31/12/2019 (*)	Level 1	Level 2	Level 3
Assets	**840,023**	**488,548**	**245,179**	**106,296**
Equity instruments	354,009	196,266	51,447	106,296
Debt securities	467,354	292,229	175,125	—
Derivative financial instruments				
Non-current	7,401	3	7,398	—
Current	11,259	50	11,209	—
Liabilities	**100,620**	**32**	**100,588**	**—**
Derivative financial instruments				
Non-current	72,239	9	72,230	—
Current	28,381	23	28,358	—

(*) Data restated.

Level 2 of the Fair Value Hierarchy includes all of the ACS Group's financial derivatives, as well as the other assets and liabilities which are not listed in organized markets. They are measured internally and on a quarterly basis, using customary financial market techniques and compared, as appropriate, with the measurements received from the counterparties.

In this connection, based on the nature of the derivative, the use of the following methodologies is noteworthy:

– For Interest rate hedges the zero-coupon rate curve is used, determined based on the deposits and rates that are traded at the closing date and obtaining from that the discount rates and applying it to the schedule of future flows of collections and payments.
– Derivatives, the underlying asset for which is quoted on an organized market and are not qualified as hedges, are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility, repo costs and market interest rates and estimated dividends.
– For those derivatives whose underlying asset is quoted on an organized market, but for which the intention of the Group is to hold them to maturity, either because the derivative forms part of

financing agreement or because its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the closing date.

With regard to the assets grouped under the category of "debt securities" within level 2, it should be pointed out that such assets correspond mainly to excesses of liquidity allocated to the formalization of fixed income securities with a maturity exceeding three months from the date of acquisition, which are highly liquid and high turnover. The amounts referred to above are mainly recognized in the Dragados division, amounting to EUR 53,801 thousand (EUR 70,312 thousand as at December 31, 2019), the Industrial Services division, amounting to EUR 329,794 thousand (EUR 68,007 thousand as at December 31, 2019) and the Hochtief division, amounting to EUR 19,159 thousand (EUR 36,806 thousand as at December 31, 2019).

With respect to equity instruments that are rated level 3 and whose fair value amounts to EUR 70,019 thousand (EUR 106,296 thousand at December 31, 2019), these correspond to unlisted financial assets with changes in another comprehensive income. The main assets come from Hochtief amounting to EUR 36,200 thousand (EUR 70,118 thousand as at December 31, 2019) that have been valued using the cash flow discount method with market interest rates at year-end. The rest of the holdings are dispersed in several minority stakes in concession assets outside Spain with amounts ranging from EUR 36,200 thousand to EUR 17 thousand (EUR 20,063 thousand to EUR 10 thousand as at December 31, 2019) individually considered and largely recognized at historical cost.

The changes in financial instruments included under Level 3 in 2020 are as follows:

	Thousands of Euros				
	01/01/2020 (*)	Valuation adjustments	Transfer Level 2	Others	**31/12/2020**
Assets - Equity instruments and derivative financial instruments	**106,296**	(34,274)	—	(2,003)	**70,019**
Liabilities - Derivative financial instruments	**—**	8,178	—	—	**8,178**

(*) Data restated.

The changes in financial instruments included under Level 3 in 2019 were as follows:

	Thousands of Euros				
	01/01/2019 (*)	Valuation adjustments	Transfer Level 2	Others	**31/12/2019 (*)**
Assets - Equity instruments and derivative financial instruments	**116,336**	(41,823)	—	31,783	**106,296**
Liabilities - Derivative financial instruments	**—**	—	—	—	**—**

(*) Data restated.

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy either during the 2020 financial year or during 2019.

22. Derivative financial instruments

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. In order to minimize the impact of these risks and in accordance with its risk management policy (see Note 21), the ACS Group has arranged various financial derivatives, most of which have non-current maturities.

Following is the detail, by maturity, of the notional amounts of the aforementioned hedging instruments as at December 31, 2020 and 2019, based on the nature of the contracts:

2020	Thousands of Euros							
	Notional value	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate	1,768,742	950,000	—	754,566	—	—	64,176	(37,942)
Exchange rate	872,058	7,473	642,474	1,851	—	217,067	3,193	(12,337)
Price	4,620	4	—	—	—	—	4,616	(21)
Non-qualified hedges	1,138,810	—	483,284	502,397	—	—	153,129	114,212
Total	**3,784,230**	**957,477**	**1,125,758**	**1,258,814**	**—**	**217,067**	**225,114**	**63,912**

2019	Thousands of Euros							
	Notional value	2020	2021	2022	2023	2024	Subsequent years	Net fair value
Interest rate	1,817,065	—	950,000	—	754,566	44,450	68,049	(57,654)
Exchange rate	893,787	94,251	374,635	159,072	—	—	265,829	(9,021)
Price	4,616	—	—	—	—	—	4,616	—
Non-qualified hedges	830,137	—	352,561	9,732	467,844	—	—	(15,285)
Total	**3,545,605**	**94,251**	**1,677,196**	**168,804**	**1,222,410**	**44,450**	**338,494**	**(81,960)**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities as at December 31, 2020, is as follows:

	Thousands of Euros						
	Notional value	2021	2022	2023	2024	2025	Subsequent years
Interest rate	348,485	315	—	—	167,540	—	180,630

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities as at December 31, 2019, was as follows:

	Thousands of Euros						
	Notional value	2020	2021	2022	2023	2024	Subsequent years
Interest rate	336,263	—	525	4	—	138,447	197,287

The following table shows the fair value of the hedging instruments based on the nature of the contract, as at December 31, 2020 and 2019:

	Thousands of Euros			
	31/12/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate	—	37,942	—	57,654
Exchange rate	20,569	32,906	14,680	23,701
Price	—	21	—	—
Non-qualified hedges	248,594	134,382	3,980	19,265
Total	**269,163**	**205,251**	**18,660**	**100,620**

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Also, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

The purpose of using these derivatives is to limit changes in interest rates on its borrowings and to guarantee fixed interests rates, mainly by arranging interest rate swaps as the borrowings are arranged and used.

Most hedges are interest rate swaps that expire at the same time or slightly sooner than the underlying that they are hedging.

Hedges of this type are mainly related to the various syndicated loans within the Group and to project and other non-current financing, both as at December 31, 2020 and December 31, 2019 (see Notes 17 and 18).

In relation to the syndicated loans, there are hedges amounting to EUR 1,675,000 thousand on the syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. and other long-term loans of ACS, Actividades de Construcción y Servicios, S.A. They have various interest rate swaps for the same amounts of the underlying loans and the same maturities.

Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

In 2018, new hedging operations were carried out to mitigate exchange rate risks in projects in the North America area where payments will have to be made in a currency other than the one corresponding to collections and maturing in 2025.

Also of note, due to their importance, are the derivatives contracted from Hochtief for a notional amount of EUR 623,282 thousand, which primarily mature in 2022 (EUR 522,423 thousand in 2019, maturing between 2020 and 2021).

There are derivatives taken out by Industrial Services for exchange rate hedges for foreign projects for a nominal amount of EUR 28,699 thousand in 2020 which mature in 2021 and 2023 (EUR 102,489 thousand in 2019 which mature in 2020 and 2021).

Derivative instruments not classified as hedges

The assets and liabilities relating to financial instruments not qualified as hedges include the fair value of derivatives that do not meet the hedging conditions.

In the second half of 2018, a new ACS share option plan was established which, like the previous ones, is outsourced to a financial institution. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included therein and at the exercise price of the option (EUR 37.17 per share). These derivatives do not fulfill the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of this instrument is included under "Changes in fair value of financial instruments" in the accompanying consolidated income statement (see Note 28.04). Pursuant to the contracts with the financing entities, the latter do not assume any risk arising from the decline of the share price below the call price. The fair negative value of the derivatives related to ACS shares as at December 31, 2020, amounted to EUR 125,813 thousand (EUR 19,040 thousand as at December 31, 2019) and was recognized under "Short-term financial instrument creditors" in the accompanying consolidated statement of financial position.

Since November 1, 2020, ACS, Actividades de Construcción y Servicios, S.A. has maintained a liquid forward purchase derivative for differences on its treasury shares with a financial institution for a maximum total of 12,000,000 shares with a EUR 12.21 strike price per share adjustable on the basis of future dividends and 104 maturities between October 8, 2021 and March 4, 2022.

Since December 21, 2020, ACS, Actividades de Construcción y Servicios, S.A. has had a 'forward purchase' contract on ACS shares settled for differences, for a total of 11,952,615 options with a strike price per share of EUR 16.858 adjusted for future dividends and 104 maturities between March 7, 2022 and August 1, 2022.

The positive fair value of the forward purchase contracts (settled for differences) related to ACS shares as at December 31, 2020, amounted to EUR 247,163 thousand and was recognized under "Short-term financial instrument debtors" in the attached consolidated statement of financial position. The net effect of the premium paid on the income statement has resulted in an income of EUR 181,366 thousand recognized under the heading "Changes in the fair value of financial instruments" on the attached consolidated income statement.

The amounts provided as security (see Note 10.05) relating to the aforementioned derivatives arranged by the Group amounted to EUR 118,565 thousand as at December 31, 2020 (EUR 2,329 thousand at December 31, 2019).

As part of the divestment of Thiess, the transaction agreement includes a put option for Elliott to sell all or part of its 50% stake in Thiess to CIMIC after the third year, i.e. four to six years after the sale on December 31, 2020. The strike price will be the lowest of either the cost price or a price indexed to changes in the S&P/ASX 200 Total Return Index plus the cumulative value of any shortfall in the minimum agreed distributions. This option has no current impact on the control of the company.

The put option is counted as a derivative financial instrument in accordance with IFRS 9 and is therefore recorded at fair value through profit or loss in the ACS Group's consolidated annual accounts. External independent advisors have been used to determine the fair value of the put option.

The fair value of the put option cannot be assessed using the market price. A probability-weighted expected yield methodology is used to obtain the value of the put option income based on future potential payments if the option is exercised, adjusted for minimum annual distributions as per the shareholders' agreement, in comparison with the estimated exercise price to determine a fair value. As at December 31, 2020, the fair value of the put option was determined to be EUR 8.2 million (AUD 13.0 million).

The Group has recognized both its own credit risk and that of the counterparty based on each derivative for all derivative instruments measured at fair value through profit or loss, in accordance with IFRS 13.

23. Trade and other payables

This heading mainly includes the amounts outstanding for trade purchases and related costs, as well as customer advances for contract work amounting to EUR 2,403,251 thousand in 2020 (EUR 2,565,639 thousand in 2019) (see Note 12) and the amount of the work certified in advance was EUR 880,104 thousand in 2020 (EUR 850,640 thousand in 2019).

The Group has entered into confirming and supply chain financing agreements (as they are called in other countries) with various financial institutions so that the latter may, at their discretion, facilitate advance payment to their suppliers, under which the supplier may enforce its collection rights against the Group companies or entities, obtaining the amount invoiced after deducting the financial discount costs and fees applied by the aforementioned entities. The amount drawn down against the confirming and supply chain financing lines totaled EUR 914,563 thousand as at December 31, 2020 (EUR 1,484,275 thousand as at December 31, 2019, including, for comparison purposes, the supply chain financing amounts). These contracts do not modify the main payment conditions thereof, which remain classified as trading liabilities.

Disclosures on deferred payments to suppliers. Final Provision Two of Law 31/2014, of December 3

The disclosures required by Final Provision Two of Law 31/2014, of December 3, are shown below, prepared in accordance with Resolution of January 29, 2016, of the Spanish Accounting and Audit Institute, concerning the information to be included in the financial statements with regard to the average payment period to suppliers in trade transactions at national level.

	2020	2019
	Days	
Average period of payment to suppliers	60	62
Ratio of transactions paid	57	59
Ratio of transactions pending payment	67	69
	Thousands of Euros	
Total payments made	2,836,313	3,523,154
Total payments pending	1,372,500	1,555,565

The data in the above table on payments to suppliers relates to those which due to their nature are trade creditors with payables to suppliers of goods and services, so that they include data relating to the headings "Trade and other payables – Suppliers" in the current liabilities of the accompanying consolidated statement of financial position.

"Average payment period for suppliers" is understood to mean the term that elapses from the delivery of goods or rendering of services by the provider and the effective payment for the transaction. This "Average payment period for suppliers" is calculated as the quotient resulting from the numerator as the sum of the ratio of transactions paid versus the total amount of payments plus the ratio of outstanding payment transactions versus the total amount of outstanding payments and in the denominator, by the total amount of payments made and outstanding payments.

The ratio of paid transactions is calculated as the quotient resulting from the numerator as the sum of the products corresponding to amounts paid, by the number of days until payment and from the denominator, the total amount of payments. Days until payment is understood to mean the number of calendar days that have elapsed from the start date of the effective payment term for the transaction.

Likewise, the ratio of outstanding payment transactions corresponds to the quotient resulting from the numerator as the sum of the products corresponding to payable amounts by the number of days during which the payment is outstanding and in the denominator, the total amount of payable amounts. The number of days in which an amount is payable is understood to mean the number of calendar days that have elapsed from the start date of the payment period to the last day of the period in the annual financial statements.

To calculate both the number of payment days and the number of days pending payment, the Group will begin to calculate the term from the date of receipt of the products or services. In the absence of reliable information as to when this circumstance occurs, the Company will use the date of receipt of the invoice.

24. Other current liabilities

The detail of this heading at December 31, 2020 and 2019, is as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019 (*)
Advance payments received	40,744	60,305
Payable to non-current asset suppliers	10,513	8,585
Deposits and guarantees received	2,396	2,633
Other	173,235	484,445
Total	**226,888**	**555,968**

(*) Data restated.

Items such as the amounts relating to the current accounts with joint ventures and other third parties with a credit balance are included in the section "Others."

25. Segments

25.01. Segmentation criteria

The structure of the ACS Group reflects its focus on different lines of business or activity areas. Segment reporting based on the different lines of business includes information regarding the Group's internal organization, taking into account the bodies involved in monitoring operations and taking decisions.

25.01.01. Primary segments - business segments

In accordance with the ACS Group's internal organizational structure and, consequently, its internal reporting structure, the Group carries out its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8.

The main areas of the Group are divided into:

a) Infrastructure

The Infrastructure segment includes Construction activities (through Dragados and Hochtief – including CIMIC) and Concession activities (through Iridium and the Group's stake in Abertis), and is aimed at carrying out all types of Civil Construction and Building projects, as well as the development and operation of infrastructure concessions, such as transportation, etc. The geographical regions with the highest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from the geopolitical, macroeconomic and legal perspective.

In this regard, the Group presents both Construction and Concession activities within the Infrastructure segment, mainly due to the fact that the activities of these sub-segments are directly related to one another, i.e. they correspond to business lines whose activities are complementary. The integration of both activities, i.e. construction and concessions, gives the ACS Group a comprehensive offer of solutions in the infrastructure area that allows the Group to strengthen its offer in the target markets. The integration of directly interrelated activities under the same management or the conceptual title of "segment manager," as defined in paragraph 9 of IFRS 8, brings important synergies for the Group, such as optimization of the international business support structure. As a consequence of the above, this functional decentralization allows a common management or segment manager to report directly to the highest operating decision-making authority and to remain in constant contact with that authority, in order to discuss operating activities, financial results, forecasts or plans for the segment in question. In this context, the Group presents the information corresponding to these integrated activities under the title "Infrastructure," in line with the Group's strategy as a comprehensive provider of infrastructure services, whose financial and management information is assessed jointly and periodically by the Senior Management under a single management.

The infrastructure segment is a component differentiated from the company's other components, in that it has differentiated financial information and has a management or "segment manager" who reports directly to the highest operating decision-making authority, with which they remain in constant contact.

Based on the above, the Group considers it reasonable and justified to present the construction and concession activities jointly and aims to be a leading and comprehensive provider worldwide in the infrastructure sector.

b) Industrial Services

This area is dedicated to applied industrial engineering, developing construction, maintenance and operation activities for energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area has a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries.

c) Services

This area only includes Clece's facility management business activity which comprises maintenance services for buildings, public places or organizations, as well as assistance for individuals. This area is fundamentally based in Spain despite an incipient growth of the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable; it reports independently to the Group and this presentation is considered to be more useful to the users of the financial statements.

The breakdown of the deferred tax assets and liabilities as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2020 (*)	31/12/2019 (*)	31/12/2020 (*)	31/12/2019 (*)
Infrastructure	26,135,396	29,013,660	21,133,150	22,853,845
Industrial Services	8,987,261	8,886,820	7,862,573	7,683,187
Services	1,434,431	1,448,151	658,969	654,989
Corporate unit and adjustments	776,632	346,581	3,403,121	2,997,223
Total	**37,333,720**	**39,695,212**	**33,057,813**	**34,189,244**

(*) Data restated.

25.01.02 Geographic segments

The ACS Group is managed by business segments and management based on geographic segments is irrelevant. Therefore, a distinction is made between Spain and the rest of the world, in accordance with the stipulations of IFRS 8.

25.02. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the various segments comprising the ACS Group. Each segment has its own resources based on the entities engaging in the related business and accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to perform its business activities in an autonomous manner.

The following is the business segment reporting before the allocation of expenses to subsidiaries in the income statement.

25.02.01. Income statement by business segment: 2020 Financial Year

	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**27,558,710**	**1,554,649**	**5,849,986**	**(25,989)**	**34,937,356**
Changes in inventories of finished goods and work in progress	(803)	—	457	—	(346)
Capitalised expenses of in-house work on assets	1,106	—	4,790	—	5,896
Procurements	(20,356,516)	(115,844)	(3,175,059)	31,521	(23,615,898)
Other operating income	347,354	21,710	27,728	(18,816)	377,976
Personal expenses	(5,355,920)	(1,347,924)	(1,388,333)	(34,035)	(8,126,212)
Other operating expenses	(1,646,289)	(52,527)	(766,841)	(13,863)	(2,479,520)
Depreciation and amortisation	(834,043)	(39,321)	(94,162)	(789)	(968,315)
Allocation of grants relating to non-financial assets and other	84	222	238	1	545
Impairment and gains on the disposal of non-current assets	1,154,650	(87)	(62,679)	2	1,091,886
Other results	(1,827)	1,175	(6,712)	(3,500)	(10,864)
Ordinary results of companies accounted for using the equity method	98,763	—	98,139	—	196,902
Finance income	76,469	7,563	39,038	27,666	150,736
Finance costs	(266,530)	(11,633)	(100,864)	(43,488)	(422,515)
Changes in the fair value of financial instruments	(4,514)	—	—	82,149	77,635
Exchange differences	(35,876)	(19)	(15,300)	1	(51,194)
Impairment and gains or losses on the disposal of financial instruments	7,414	—	(1,692)	102,900	108,622
Non-ordinary results of companies accounted for using the equity method	10,712	—	—	—	10,712
PROFIT BEFORE TAX	**752,944**	**17,964**	**408,734**	**103,760**	**1,283,402**
Income tax	(333,282)	(1,622)	(93,543)	41,095	(387,352)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**419,662**	**16,342**	**315,191**	**144,855**	**896,050**
Profit after tax from discontinued operations	32,440	—	—	—	32,440
PROFIT FOR THE PERIOD	**452,102**	**16,342**	**315,191**	**144,855**	**928,490**
(Profit) / loss attributed to non-controlling interests	(320,500)	1,304	(2,849)	—	(322,045)
(Profit) / loss from discontinued operations attributed to non-controlling interests	(32,440)	—	—	—	(32,440)
PROFIT ATTRIBUTABLE TO THE PARENT	**99,162**	**17,646**	**312,342**	**144,855**	**574,005**

Income statement by business segment: 2019 Financial Year

	Thousands of Euros (*)				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**30,955,100**	**1,579,117**	**6,530,342**	**(15,686)**	**39,048,873**
Changes in inventories of finished goods and work in progress	15,845	—	(127)	—	15,718
Capitalised expenses of in-house work on assets	1,378	—	2,834	—	4,212
Procurements	(22,219,015)	(116,140)	(3,437,833)	20,319	(25,752,669)
Other operating income	272,584	22,580	46,589	(18,569)	323,184
Personal expenses	(5,468,863)	(1,337,265)	(1,549,625)	(38,674)	(8,394,427)
Other operating expenses	(1,678,165)	(54,367)	(957,290)	(9,052)	(2,698,874)
Depreciation and amortisation	(843,313)	(37,395)	(88,027)	(979)	(969,714)
Allocation of grants relating to non-financial assets and other	84	171	654	—	909
Impairment and gains on the disposal of non-current assets	17,390	(629)	279,324	—	296,085
Other results	(20,826)	156	(59,919)	—	(80,589)
Ordinary results of companies accounted for using the equity method	507,163	—	46,147	—	553,310
Finance income	101,159	6,580	51,286	28,613	187,638
Finance costs	(314,392)	(13,457)	(121,790)	(47,563)	(497,202)
Changes in the fair value of financial instruments	4,787	—	(179)	25,467	30,075
Exchange differences	(379)	—	4,576	—	4,197
Impairment and gains or losses on the disposal of financial instruments	7,553	(1)	(3,969)	44	3,627
Non-ordinary results of companies accounted for using the equity method	4,555	—	—	—	4,555
PROFIT BEFORE TAX	**1,342,645**	**49,350**	**742,993**	**(56,080)**	**2,078,908**
Income tax	(272,499)	(9,202)	(141,166)	14,275	(408,592)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**1,070,146**	**40,148**	**601,827**	**(41,805)**	**1,670,316**
Profit after tax from discontinued operations	(1,053,083)	—	—	172,356	(880,727)
PROFIT FOR THE PERIOD	**17,063**	**40,148**	**601,827**	**130,551**	**789,589**
(Profit) / loss attributed to non-controlling interests	(463,303)	(1,867)	(1,692)	—	(466,862)
(Profit) / loss from discontinued operations attributed to non-controlling interests	639,300	—	—	—	639,300
PROFIT ATTRIBUTABLE TO THE PARENT	**193,060**	**38,281**	**600,135**	**130,551**	**962,027**

(*) Data restated.

Statement of financial position by business segment: 2020 Financial Year

ASSET	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON CURRENT ASSETS	10,364,528	1,078,114	1,376,242	199,911	13,018,795
Intangible assets	3,021,926	233,270	166,668	237,315	3,659,179
Goodwill	2,440,639	140,918	44,182	237,314	2,863,053
Other intangible assets	581,287	92,352	122,486	1	796,126
Tangible assets-property, plant and equipment / Property investments	1,420,042	144,914	234,756	6,663	1,806,375
Non-current assets in projects	96,920	—	309,229	2	406,151
Non-current financial assets	4,979,139	622,473	259,896	(621,118)	5,240,390
Other current assets	846,501	77,457	405,693	577,049	1,906,700
CURRENT ASSETS	15,770,868	356,317	7,611,019	576,721	24,314,925
Inventories	630,969	413	84,224	(365)	715,241
Trade and other receivables	6,894,737	216,178	3,324,520	62,854	10,498,289
Other current financial assets	763,132	1,344	472,142	118,364	1,354,982
Derivative financial instruments	3,330	—	824	247,162	251,316
Other current assets	208,773	2,394	20,438	1,549	233,154
Cash and cash equivalents	6,432,317	135,988	1,365,346	147,157	8,080,808
Non-current assets held for sale and discontinued operations	837,610	—	2,343,525	—	3,181,135
TOTAL ASSETS	26,135,396	1,434,431	8,987,261	776,632	37,333,720

EQUITY AND LIABILITIES	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	5,002,246	775,462	1,124,688	(2,626,489)	4,275,907
Equity attributed to the Parent	4,343,142	771,837	1,039,844	(2,626,344)	3,528,479
Non-controlling interests	659,104	3,625	84,844	(145)	747,428
NON-CURRENT LIABILITIES	6,527,136	296,128	1,057,734	2,724,992	10,605,990
Grants	52	1,888	1,545	—	3,485
Non-current financial liabilities	4,799,329	197,597	792,255	2,580,855	8,370,036
Long term lease liabilities	361,141	48,836	62,859	—	472,836
Derivative financial instruments	34,647	—	1,793	13,351	49,791
Other non-current liabilities	1,331,967	47,807	199,282	130,786	1,709,842
CURRENT LIABILITIES	14,606,014	362,841	6,804,839	678,129	22,451,823
Current financial liabilities	1,443,950	112,835	566,773	762,250	2,885,808
Short term lease liabilities	152,834	13,215	26,124	—	192,173
Derivative financial instruments	22,290	—	—	133,170	155,460
Trade and other payables	11,097,530	219,720	4,613,517	(106,733)	15,824,034
Other current liabilities	1,052,286	17,071	189,467	(110,558)	1,148,266
Liabilities relating to non-current assets held for sale and discontinued operations	837,124	—	1,408,958	—	2,246,082
TOTAL EQUITY AND LIABILITIES	26,135,396	1,434,431	8,987,261	776,632	37,333,720

Statement of financial position by business segment: 2019 Financial Year

ASSET	Thousands of Euros (*)				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON CURRENT ASSETS	**11,936,711**	**1,067,113**	**1,282,339**	**258,270**	**14,544,433**
Intangible assets	**3,542,242**	**240,784**	**162,802**	**237,531**	**4,183,359**
Goodwill	2,803,326	137,817	58,991	237,316	3,237,450
Other intangible assets	738,916	102,967	103,811	215	945,909
Tangible assets-property, plant and equipment / Property investments	**2,366,233**	**131,373**	**216,338**	**7,138**	**2,721,082**
Non-current assets in projects	**119,310**	**—**	**49,898**	**2**	**169,210**
Non-current financial assets	**4,845,409**	**622,203**	**511,432**	**(622,005)**	**5,357,039**
Other current assets	**1,063,517**	**72,753**	**341,869**	**635,604**	**2,113,743**
CURRENT ASSETS	**17,076,949**	**381,038**	**7,604,481**	**88,311**	**25,150,779**
Inventories	**828,386**	**701**	**89,772**	**(2,543)**	**916,316**
Trade and other receivables	**8,791,827**	**208,469**	**3,422,631**	**(26,324)**	**12,396,603**
Other current financial assets	**994,987**	**78,268**	**260,411**	**5,363**	**1,339,029**
Derivative financial instruments	**11,259**	**—**	**—**	**—**	**11,259**
Other current assets	**209,578**	**2,229**	**32,274**	**1,536**	**245,617**
Cash and cash equivalents	**6,183,178**	**91,371**	**1,746,156**	**110,279**	**8,130,984**
Non-current assets held for sale and discontinued operations	**57,734**	**—**	**2,053,237**	**—**	**2,110,971**
TOTAL ASSETS	**29,013,660**	**1,448,151**	**8,886,820**	**346,581**	**39,695,212**

(*) Data restated.

EQUITY AND LIABILITIES	Thousands of Euros (*)				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	**6,159,815**	**793,162**	**1,203,633**	**(2,650,642)**	**5,505,968**
Equity attributed to the Parent	**5,173,826**	**787,824**	**1,109,934**	**(2,650,498)**	**4,421,086**
Non-controlling interests	**985,989**	**5,338**	**93,699**	**(144)**	**1,084,882**
NON-CURRENT LIABILITIES	**5,894,145**	**317,539**	**1,236,437**	**2,085,175**	**9,533,296**
Grants	**115**	**1,772**	**810**	**—**	**2,697**
Non-current financial liabilities	**3,891,792**	**227,222**	**916,471**	**1,803,704**	**6,839,189**
Long term lease liabilities	**599,736**	39,289	47,919	**—**	**686,944**
Derivative financial instruments	**31,958**	**—**	**15,994**	**24,287**	**72,239**
Other non-current liabilities	**1,370,544**	**49,256**	**255,243**	**257,184**	**1,932,227**
CURRENT LIABILITIES	**16,959,700**	**337,450**	**6,446,750**	**912,048**	**24,655,948**
Current financial liabilities	**2,101,846**	**94,551**	**386,567**	**1,067,547**	**3,650,511**
Short term lease liabilities	**279,791**	**10,356**	**31,104**	**—**	**321,251**
Derivative financial instruments	**7,896**	**—**	**427**	**20,058**	**28,381**
Trade and other payables	**12,803,210**	**211,899**	**4,659,712**	**(88,371)**	**17,586,450**
Other current liabilities	**1,745,145**	**20,644**	**203,698**	**(87,186)**	**1,882,301**
Liabilities relating to non-current assets held for sale and discontinued operations	**21,812**	**—**	**1,165,242**	**—**	**1,187,054**
TOTAL EQUITY AND LIABILITIES	**29,013,660**	**1,448,151**	**8,886,820**	**346,581**	**39,695,212**

(*) Data restated.

25.02.02. The breakdown of revenue for 2020 and 2019 in the Construction business is as follows:

	Thousands of Euros	
	2020	2019
Spain	**1,366,162**	**1,358,909**
Dragados	1,306,701	1,301,109
Hochtief	—	7
Concessions	59,461	57,793
International	**26,192,548**	**29,596,191**
Dragados	3,211,466	3,714,169
Hochtief	22,953,752	25,851,848
Concessions	27,330	30,174
Total	**27,558,710**	**30,955,100**

The breakdown of revenue for 2020 and 2019 in the Industrial Services business is as follows:

	Thousands of Euros	
	2020	2019
Networks	569,377	679,951
Specialized facilities	2,304,265	2,125,369
Integrated projects	2,073,413	2,782,952
Control systems	855,041	909,004
Renewable energy: generation	52,956	42,144
Eliminations	(5,066)	(9,078)
Total	**5,849,986**	**6,530,342**

Of the total revenues from Industrial Services, EUR 3,683,385 thousand related to international operations in 2020 and EUR 3,918,677 thousand in 2019, representing 63.0% and 60.0%, respectively.

The breakdown of revenue in the Services business is as follows:

	Thousands of Euros	
	2020	2019
Facility Management	1,554,649	1,579,117
Total	**1,554,649**	**1,579,117**

Total revenue from the Services area amounted to EUR 117,993 thousand relating to international operations in 2020 and EUR 115,689 thousand in 2019, representing 7.6% and 7.3%, respectively.

Revenue is allocated on the basis of the geographical distribution of clients.

The reconciliation of revenue, by segment, to consolidated revenue as at December 31, 2020 and 2019, is as follows:

Segments	Thousands of Euros					
	2020			2019		
	External income	Inter-segment income	**Total income**	External income	Inter-segment income	**Total income**
Infrastructure	27,555,272	3,438	**27,558,710**	30,951,404	3,696	**30,955,100**
Industrial Services	5,830,355	19,631	**5,849,986**	6,521,458	8,884	**6,530,342**
Services	1,551,729	2,920	**1,554,649**	1,576,011	3,106	**1,579,117**
(-) Adjustments and eliminations of ordinary inter-segment income	—	(25,989)	**(25,989)**	—	(15,686)	**(15,686)**
Total	**34,937,356**	**—**	**34,937,356**	**39,048,873**	**—**	**39,048,873**

Inter-segment sales are made at market prices.

The reconciliation of the profit/loss, by business, with consolidated profit/loss before taxes as at December 31, 2020 and 2019, is as follows:

Business segments	Thousands of Euros	
	2020	2019 (*)
Infrastructure	452,102	17,063
Industrial Services	315,191	601,827
Services	16,342	40,148
Total profit of the segments reported upon	**783,635**	**659,038**
(+/-) Non-assigned profit	112,415	769,851
(+/-) Income tax and / or profit (loss) from discontinued operations	387,352	650,019
Profit before tax	**1,283,402**	**2,078,908**

(*) Data restated.

Revenue by geographical area for 2020 and 2019 is as follows:

Turnover by Geographical Area	Thousands of Euros	
	2020	2019
Domestic market	4,943,450	5,418,549
Foreign market	29,993,906	33,630,324
a) European Union	2,305,703	2,215,953
a.1) Euro Zone	1,254,636	1,037,311
a.2) Non Euro Zone	1,051,067	1,178,642
b) Rest of countries	27,688,203	31,414,371
Total	**34,937,356**	**39,048,873**

The following table shows the breakdown, by geographical area, of certain of the Group's consolidated balances:

	Thousands of Euros			
	Spain		Rest of the world	
	2020	2019	2020	2019 (*)
Revenue	4,943,450	5,418,549	29,993,906	33,630,324
Segment assets	10,386,694	10,584,477	26,947,026	29,110,735
Total investments / (divestments) net	(409,427)	332,277	117,116	1,134,360

(*) Data restated.

25.02.03 Breakdown of assets

Assets as at December 31, 2020 and 2019, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019 (*)
Europe	**15,396,071**	**16,151,318**
Spain	10,386,694	10,584,477
Germany	3,531,240	4,200,798
Rest of Europe	1,478,137	1,366,042
Rest of geographic areas	**21,937,649**	**23,543,894**
Americas	13,323,021	13,410,889
Asia	314,012	390,710
Australasia	8,141,402	9,548,185
África	159,214	194,110
TOTAL	**37,333,720**	**39,695,212**

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2020	2019
Infrastructure	722,752	965,535
Services	45,714	46,201
Industrial Services	209,475	211,522
Corporate unit and adjustments	107	511
Total	**978,048**	**1,223,769**

26. Tax situation

26.01. Consolidated Tax Group

Pursuant to current legislation, ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company of Tax Group 30/99, which includes the Spanish subsidiaries in which the Parent Company has a direct or indirect ownership interest of at least 75% which meet the requirements provided for in Spanish legislation regulating the tax consolidation regime.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country, either individually or with groups of companies.

26.02 Reconciliation of the current income tax expense to accounting profit

The reconciliation of the corporate income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognized, as well as the determination of the average effective tax rate, are as follows:

	Thousands of Euros	
	2020	2019 (*)
Consolidated profit before tax	1,283,402	2,078,908
Net profit from equity accounted investments	(207,614)	(557,865)
Permanent differences	(105,749)	(327,248)
Taxable profit	970,039	1,193,795
Tax at 25%	242,511	298,449
Deductions for incentives	(4,810)	(6,668)
Effect of different standard tax rate in other countries	85,566	61,854
Current tax income expense	323,267	353,635
Effective rate, excluding equity method	30.0%	23.2%

(*) Data restated.

The permanent differences in 2020 and 2019 are mainly due to certain gains obtained on the sale of subsidiaries and investees where there is an exemption right and on the reversal of provisions that were not tax deductible and, in the opposite direction, expenses and losses that were not tax deductible.

The tax incentive deductions include, basically, both double taxation deductions and deductions for donations and those derived from R&D&I activities carried out in Spain and in other countries.

The effect of the spread between national tax rates against the reference tax rate of 25% is due to the fact that the nominal Spanish rate used to calculate this table is lower than the average of nominal rates in the relevant countries in which the Group operates.

26.03. Detail of income tax expense

The detail of income tax expense is as follows:

	Thousands of Euros	
	2020	2019 (*)
Current income tax expense (Note 26.02)	323,267	353,635
Expense / (income) relating to adjustments to prior year's tax	12,031	10,506
(Income) arising from the application of prior year's deferred tax assets	(31,741)	(9,822)
Expense arising from deferred tax assets generated in the year and not capitalised	112,087	43,286
Tax expense (income) due to impact on defferred taxes from changes in legislation	215	192
Expense / (Income) other adjustments to tax for the year	(28,507)	10,795
Final balance of the income tax	**387,352**	**408,592**

(*) Data restated.

The expense of deferred tax assets generated for the year and not recognized fundamentally originates from the criteria prudently undertaken to not recognize the tax assets associated to tax losses and the temporary difference due to non-deductible financial expenses, incurred, mainly, by companies of the Group resident in Germany.

26.04. Taxes recognized in equity

In addition to the tax effects recognized in the consolidated income statement, a credit of EUR 14,683 thousand was recognized directly in the Group's equity in 2020 (a charge of EUR 13,721 thousand in 2019). These amounts relate to tax effects due to adjustments of financial assets with changes in other comprehensive income, with a credit of EUR 9,161 thousand in 2020 (a charge of EUR 2,032 thousand in 2019), cash flow derivatives, with a charge of EUR 3,723 thousand in 2020 (EUR 14,145 thousand in 2019), actuarial losses, with a credit of EUR 9,779 thousand in 2020 (charge of EUR 986 thousand in 2019) and translation difference, with a credit of EUR 534 thousand in 2020 (charge of EUR 622 thousand in 2019).

26.05. Deferred tax

The composition of the balance of these assets, as well as the liabilities, also for temporary differences, is as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	397,663	435,244
Other provisions	308,745	327,303
Pension costs	95,902	93,493
Income with different tax and accounting accruals	13,575	18,826
Losses of establishments abroad	119,406	105,035
Financial expenses not deductible	10,860	62,079
Other	340,101	295,729
Total	**1,286,252**	**1,337,709**
Assets for tax loss	815,346	1,254,145
Assets for deductions in quota	194,537	210,659
Total	**2,296,135**	**2,802,513**
Compensations of deferred tax assets/liabilities	(407,282)	(696,171)
Total deferred tax assets	**1,888,853**	**2,106,342**

Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	307,867	338,164
Income with different tax and accounting accrual	156,413	412,610
Other	263,490	328,518
Total	**727,770**	**1,079,292**
Compensation of deferred tax assets/liabilities	(407,282)	(696,171)
Total deferred tax liabilities	**320,488**	**383,121**

At December 31, 2020, deferred tax assets and liabilities arising from temporary differences totaling EUR 407,282 thousand (EUR 696,171 thousand as at December 31, 2019) have been offset. The offsetting was at the level of the same company code or tax group and most of the offsetting arises in the Hochtief Group.

The detail of the main deferred tax assets and liabilities recognized by the Group and of the changes therein in 2020 and 2019 is as follows:

	Thousands of Euros								
	Balance at December 31, 2019	Current movement in the year	Charge/credit to equity				Business combinations		Balance at December 31, 2020
			Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**2,802,513**	**(477,437)**	**9,779**	**7,269**	**—**	**(18,992)**	**—**	**(26,997)**	**2,296,135**
Temporary differences	1,337,709	(28,159)	9,779	7,269	—	(23,789)	—	(16,557)	1,286,252
Tax losses	1,254,145	(433,923)	—	—	—	5,564	—	(10,440)	815,346
Tax credits	210,659	(15,355)	—	—	—	(767)	—	—	194,537
Liabilities	**1,079,292**	**(335,879)**	**—**	**22**	**—**	**(10,355)**	**—**	**(5,310)**	**727,770**
Temporary differences	1,079,292	(335,879)	—	22	—	(10,355)	—	(5,310)	727,770

	Thousands of Euros								
	Balance at December 31, 2018	Current movement in the year	Charge/credit to equity				Business combinations		Balance at December 31, 2019
			Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**2,252,677**	**552,499**	**986**	**5,591**	**(2,032)**	**(7,520)**	**865**	**(553)**	**2,802,513**
Temporary differences	1,402,006	(61,567)	986	5,591	(2,032)	(7,275)	—	—	1,337,709
Tax losses	639,989	614,154	—	—	—	(245)	247	—	1,254,145
Tax credits	210,682	(88)	—	—	—	—	618	(553)	210,659
Liabilities	**1,121,736**	**(33,661)**	**—**	**(2,731)**	**—**	**(6,052)**	**—**	**—**	**1,079,292**
Temporary differences	1,121,736	(33,661)	—	(2,731)	—	(6,052)	—	—	1,079,292

Tax loss and tax credit carryforwards relating to the ACS Spanish tax group amounted to EUR 651,738 thousand as at December 31, 2020 (EUR 679,368 thousand as at December 31, 2019).

The detail of the deferred tax assets as at December 31, 2020 and 2019, is as follows:

	Thousands of Euros					
	31/12/2020			31/12/2019 (*)		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	462,294	353,052	**815,346**	473,738	780,385	**1,254,123**
Other temporary differences	468,123	410,847	**878,970**	482,266	159,294	**641,560**
Tax credits and tax relief	189,444	5,093	**194,537**	205,630	5,029	**210,659**
Total	**1,119,861**	**768,992**	**1,888,853**	**1,161,634**	**944,708**	**2,106,342**

(*) Data restated.

The credit for tax loss of the ACS Tax Group in Spain comes from the negative consolidated tax base for the 2012 financial year, mainly due to the impairment and handicaps linked to the investment in Iberdrola, S.A. The temporary differences from companies outside the Spanish tax group arose mainly from the Hochtief Group companies, including, most notably, as at December 31, 2019, those from Cimic amounting to EUR 550.1 million (AUD 884 million) due to losses incurred in relation to BIC Contracting. As a result of the sale of Thiess, Cimic has managed to offset most of the tax losses arising from losses incurred in connection with BIC Contracting and the strategic departure from that company (see Note 09.01). Both tax credits have no expiration period.

The deferred tax assets were recognized in the consolidated statement of financial position because the Group’s directors considered that, based on their best estimate of the Group’s future earnings, it is probable that these assets will be recovered.

The items and amounts of deferred tax liabilities amounting to EUR 320,488 thousand (EUR 383,121 thousand as at December 31, 2019), have not substantially changed with respect to December 31, 2019. In relation to the amendment made by the Spanish Government's General State Budget for 2021, which sets a limit for the exemption of dividends received by Spanish companies at 95%, the Group evaluated the impact of this measure at the end of the financial year, taking into account, among other factors, the interim dividends approved before the end of the financial year, the effects of Covid-19 on the profits of the different companies during the financial year and the corporate operations that may, where applicable, bear fruit in 2021, this not resulting in any significant impact on the Consolidated Annual Accounts as at December 31, 2020.

Pursuant to the regulations in force, deferred tax assets due to temporary difference are not subject to expiration periods.

Furthermore, with regard to the assets generated by tax losses, their application is subject to different conditions and deadlines established by the different applicable national regulations; in particular, in the case of Spain and Australia, where the most significant credit has been generated, there is no legal term of limitation.

In turn, deductions on pending tax credits corresponding to the Spanish Fiscal Group itemized as consolidated statement of financial assets, for the amount of EUR 189,444 thousand (EUR 205,630 thousand in 2019) expire according to the type as determined in the Corporate Income Tax Law. Amounts pending application in 2020 mainly correspond to deductions generated between 2010 and 2019 for reinvestment of gains and R&D+I expenses, whose statutory expiration periods are 15 and 18 years, respectively.

With regard to credits for tax losses and deductions of the Tax Group in Spain, an impairment test is prepared every year on the basis of which these credits are availed of by the Group within the expiration period. In this regard, the tax projections and assumptions regarding the recoverability of these assets prepared at the end of the 2019 financial year have been updated to reflect the effect of Covid-19, with the result that, due to the impact of Covid-19, there is no need to reverse recognized deferred tax assets.

To assess the recoverability of these credits due to losses and deductions, a test has been developed whose key assumptions, consistent with those applied in previous years, were as follows:

– Profit before tax, in calculable terms of taxable profit, of the business areas in Spain which, with respect to that obtained in 2019, increases between for subsequent years at annual rates of 3%.
– General maintenance of the current perimeter of companies in the Tax Group.
– The financial charge for the Group's corporate debt in Spain has been specifically recalculated between 2021 and 2022, taking into account the new composition of this debt and a reduction at an average annual rate of 2% has been estimated for subsequent years.
– It has been considered that in the next ten years the temporary differences that will reduce the tax base of tax loss of affiliates and branches, financial and other expenses will be reversed by EUR 505 million approximately, an adjustment that restricts the margin to take advantage of deductions.

The Group has considered, in relation to the analysis of the recoverability of deferred tax assets, the main positive and negative factors that apply to the recognition of these assets, identifying that the following are complied with, among others:

Positive factors

- The probability of recovering deferred tax assets is greater if the loss arises from an isolated and non-recurring event than if it is the result of demand factors or margins. This is the case with ACS, where the loss comes from an isolated and non-recurrent event.
- History of recurring profits by the tax group.
- There are new business opportunities for the tax group. The Group has a solid portfolio.
- The Group is not a start-up.
- Compliance with business plans and profit forecasts in the coming financial years.
- Some of the businesses that make up the tax group are not very complex in terms of making projections.

Negative factors

- The longer the recovery time, the less reliable the estimate will be.
- Long offsetting periods do not guarantee that deferred tax assets will be reversed in full because a company or tax group could generate new losses in the future or cease to be a going concern. In the case of ACS's Spanish tax group, it has a history of recurring profits and a solid future portfolio, so this negative factor does not occur and the loss was a one-off operating event.

On the basis of these assumptions, the tax credits of the Tax Group in Spain would be used before their expiration. Notwithstanding, it is worth noting that significant negative deviations between the aforementioned profits and the estimates used in the impairment test, in overall terms, i.e., that may not be offset by subsequent positive deviations within the expiration period, could represent a recoverability risk with regard to the tax credit. In particular, according to the test carried out, negative changes in the Spanish Tax Group's computable profit, in overall (not specific) terms, throughout the relevant period, with respect to the average of those generated in the last two years, would determine the beginning of the partial expiration of the deductions.

In addition to the amounts recognized on the asset side of the statement of financial position, as detailed above, the Group has other deferred tax assets and tax credits not recognized on the asset side of the consolidated statement of financial position because it is impossible to predict the related future flows of profit, which are significant in the Group companies domiciled in Germany. Therefore, tax assets relating to income tax loss carryforwards and temporary differences in financial expenses, amounting to EUR 2,103,441 thousand (EUR 2,014,941 thousand in 2019), as well as municipal taxes amounting to EUR 1,466,533 thousand (EUR 1,439,610 thousand in 2019), were not recognized.

26.06 Tax inspection

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitations period has expired.

In June 2019, the Group was notified that tax audits were being commenced on Spanish Tax Group 30/99 in relation to Corporate Income Tax for financial years 2013 to 2016 and VAT and withholdings for financial years 2015 and 2016, there being no significant developments in financial year 2020. Due to the possible different interpretations that can be made of the tax rules, this could result in tax liabilities whose amount cannot currently be objectively quantified. However, the ACS Group's directors do not consider that any significant contingent liabilities in relation to the Group's profit could arise from the performance of these activities.

27. Revenue

27.01. Revenue

The distribution of net revenue relating to the Group's ordinary operations in 2020 and 2019, by business segment, is as follows:

Business segments	Thousands of Euros	
	2020	2019
Infrastructure	27,558,710	30,955,100
Industrial Services	5,849,986	6,530,342
Services	1,554,649	1,579,117
(-) Adjustments and eliminations of ordinary inter-segment income	(25,989)	(15,686)
Total	**34,937,356**	**39,048,873**

Net revenue amounting to EUR 34,937,356 thousand (EUR 39,048,873 thousand in 2019) includes performance obligations recognized mainly through the application of the product method in the infrastructure business (civil construction, PPP, etc.), the services business (including construction management, mining services, applied industrial engineering services for the construction, maintenance and operation of energy, industrial and mobility infrastructures and comprehensive maintenance services for buildings, public places and organizations, as well as assistance for individuals).

Within the infrastructure segment, CPB Contractors, a subsidiary owned by CIMIC, along with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA, completed the Gorgon LNG (Gorgon Jetty) marine structure and dock project for Chevron Australia (Chevron). The financial statements of CIMIC as at December 31, 2019, included AUD 1,150 million (EUR 694 million) recognized in contractual assets in relation to Gorgon Jetty and the recovery of these contractual assets was being claimed by CIMIC through an arbitration process in Australia against Chevron.

This arbitration process has already been completed and the Arbitration Tribunal has issued an award of AUD 78.0 million for the Consortium (CPB and Saipem) and a counterclaim of AUD 35.0 million to Chevron. The CIMIC portion of the net award, together with certain legal expenses of CIMIC and certain legal expenses attributable to the arbitration process, has resulted in a single reversal of recognized revenue over the period of AUD 1,150 million (EUR 694 million), in accordance with the variable compensation reassessment requirements of IFRS 15 Revenue from Contracts with Customers (see Note 12.01).

Net turnover by type for 2020 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	10,087,608	28.9 %	17,216,238	49.3 %	254,864	0.7 %	27,558,710	78.9%
Industrial Services	74,304	0.2 %	5,137,738	14.7 %	637,944	1.8 %	5,849,986	16.7%
Services	—	0.0 %	1,554,657	4.4 %	(8)	0.0 %	1,554,649	4.4%
Corporate unit and adjustments	—	0.0 %	—	0.0 %	(25,989)	(0.1)%	(25,989)	-0.1%
Total	**10,161,912**	**29.1 %**	**23,908,633**	**68.4 %**	**866,811**	**2.5 %**	**34,937,356**	**100.0%**

Net revenue by type for 2019 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	12,246,778	31.4 %	18,448,957	47.2 %	259,366	0.7 %	30,955,100	79.3%
Industrial Services	—	0.0 %	6,530,342	16.7 %	—	0.0 %	6,530,342	16.7%
Services	—	0.0 %	1,579,117	4.0 %	—	0.0 %	1,579,117	4.0%
Corporate unit and adjustments	—	0.0 %	—	0.0 %	(15,686)	0.0 %	(15,686)	0.0%
Total	**12,246,778**	**31.4 %**	**26,558,416**	**68.0 %**	**243,680**	**0.6 %**	**39,048,873**	**100.0%**

In 2020, foreign currency transactions relating to sales and services amounted to EUR 28,124,298 thousand (EUR 31,650,067 thousand in 2019) and those relating to purchases and services received amounted to EUR 21,604,768 thousand (EUR 22,940,374 thousand in 2019).

The distribution of net revenue relating to the Group's ordinary operations in 2020 and 2019, by the main countries where it operates, is as follows:

Revenue by Countries	Thousands of Euros	
	2020	2019
United States	15,746,201	16,932,402
Australia	5,091,080	6,838,529
Spain	4,943,450	5,418,549
Canada	1,650,178	1,628,925
Germany	955,046	751,092
Brazil	815,735	479,756
Mexico	619,621	816,142
Indonesia	565,898	745,477
Hong Kong	548,863	808,931
Peru	483,193	708,030
United Kingdom	465,634	480,313
Poland	401,347	427,918
Chile	356,035	414,426
New Zealand	298,031	447,334
Other	1,997,044	2,151,049
Total	**34,937,356**	**39,048,873**

27.02. Backlog

The backlog by line of business as at December 31, 2020 and 2019, was as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
Infrastructure	57,609,132	64,969,201
Industrial Services	8,916,438	9,923,939
Services	2,701,135	2,862,805
Total	**69,226,704**	**77,755,945**

The amount of the backlog by type as at December 31, 2020, is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	26,903,662	38.9 %	30,619,259	44.2 %	86,210	0.1 %	57,609,131	83.2 %
Industrial Services	370,813	0.5 %	6,662,761	9.6 %	1,882,864	2.7 %	8,916,438	12.9 %
Services	—	0.0 %	2,701,135	3.9 %	—	0.0 %	2,701,135	3.9 %
Total	**27,274,475**	**39.4 %**	**39,983,155**	**57.8 %**	**1,969,074**	**2.8 %**	**69,226,704**	**100.0 %**

The amount of the backlog by type as at December 31, 2019, is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	32,270,135	41.5 %	31,326,938	40.3 %	1,372,128	1.8 %	64,969,201	83.6%
Industrial Services	—	0.0 %	9,923,939	12.8 %	—	0.0 %	9,923,939	12.8%
Services	—	0.0 %	2,862,805	3.7 %	—	0.0 %	2,862,805	3.7%
Total	**32,270,135**	**41.5 %**	**44,113,682**	**56.7 %**	**1,372,128**	**1.8 %**	**77,755,945**	**100.0%**

The backlog would be equivalent to approximately 23 months of activity as at December 31, 2020 (23 months as at December 31, 2019).

The duration of the contracts varies depending on the different areas of activity, with the average duration of the contracts for construction activities ranging from 1 to 5 years, maintenance, construction and services up to 10 years and the construction and operation of concessions up to 30 years.

"Capitalized expenses of in-house work on assets" amounting to EUR 5,896 thousand (EUR 4,212 thousand in 2019), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognized under In-house work on tangible and intangible assets in the consolidated income statement in 2020.

Also, "Other operating income" includes mainly supplies invoiced to joint ventures in the construction business, claims against insurance companies and operating subsidies received.

28. Expenses

28.01. Procurements

The detail of this heading at December 31, 2020 and 2019, is as follows:

	Thousands of Euros	
	2020	2019
Cost of merchandise sold	1,476,117	1,491,801
Cost of raw materials and other consumables used	18,669,294	20,298,405
Contract work carried out by other companies	3,471,709	3,961,062
Impairment of merchandise, raw material and procurements	(1,222)	1,401
Total	**23,615,898**	**25,752,669**

28.02. Personal expenses

The breakdown of personal expenses for 2020 and 2019 is the following:

	Thousands of Euros	
	2020	2019
Wages and salaries	6,821,849	7,047,203
Social security costs	1,056,209	1,097,964
Other personal expenses	239,755	242,731
Provisions	8,399	6,529
Total	**8,126,212**	**8,394,427**

Personal expenses amounting to EUR 4,471 thousand in 2020 (EUR 4,471 thousand in 2019) relating to ACS, Actividades de Construcción y Servicios, S.A. are entered in the consolidated income statement. These share option plans were recognized under "Wages and salaries" in the consolidated income statement.

The breakdown of the average number of employees, by professional category and gender, in 2020 and 2019, is as follows:

By profesional category	Average number of employees					
	31/12/2020			31/12/2019		
	Men	Women	Total	Men	Women	Total
University graduates	17,010	5,678	**22,688**	18,098	5,687	**23,785**
Junior college graduates	5,701	3,708	**9,409**	6,551	3,963	**10,514**
Non-graduate line personnel	18,843	8,156	**26,999**	18,942	7,040	**25,982**
Clerical personnel	3,822	4,318	**8,140**	4,181	4,468	**8,649**
Other employees	60,103	54,360	**114,463**	69,188	55,918	**125,106**
Total	**105,479**	**76,220**	**181,699**	**116,960**	**77,076**	**194,036**

The distribution of the average number of employees in 2020 and 2019, by line of business, was as follows:

	Average number of employees	
	2020	2019
Construction	59,907	66,786
Industrial Services	45,536	50,747
Services	76,202	76,451
Corporate Unit and other	54	52
Total	**181,699**	**194,036**

The average number of employees with disabilities in companies with headquarters in Spain of the ACS Group in 2020 amounts to 7,250 people (7,166 people in 2019). This represents 7.6% (7.3% in 2019) of the ACS Group's average workforce in Spain.

The breakdown of the average number of employees, by gender, by professional category with a disability of at least 33% in Spain is as follows:

	Average number of employees with disabilities >33% in Spain					
	31/12/2020			31/12/2019		
	Men	Women	Total	Men	Women	Total
University graduates	21	15	**36**	20	16	**36**
Junior college graduates	34	44	**78**	39	59	**98**
Non-graduate line personnel	1,415	1,371	**2,786**	477	512	**989**
Clerical personnel	39	87	**126**	46	92	**138**
Other employees	1,547	2,677	**4,224**	2,435	3,470	**5,905**
Total	**3,056**	**4,194**	**7,250**	**3,017**	**4,149**	**7,166**

28.03. Share-based remuneration systems

ACS

On July 25, 2018, The Board of Directors of ACS , Actividades de Construcción y Servicios, S.A., in application of the authorizations granted by the Company's General Shareholders' Meetings held on April 28, 2015, and May 4, 2017, and after a favorable report of the Remuneration Committee held on the same date, decided to establish an Option Plan on shares of ACS, Actividades de Construcción y Servicios, S.A. (2018 Options Plan), governed by the following terms and conditions:

a. The number of shares subject to the Options Plan will be a maximum of 12,586,580 shares, of EUR 0.50 par value each.
b. The beneficiaries are 271 executives with options from 500,000 to 200,000.
c. The acquisition price will be EUR 37.170 per share. This price will change by the corresponding amount should a dilution take place.
d. The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after July 1, 2018, inclusive. However, in the case of an employee's contract being terminated for reasons without just cause or if it is the beneficiary's own will, the options may be proportionally exercised six months following the event in question in the cases of death, retirement, early retirement or permanent disability and after 30 days in all other cases.
e. For the execution by each beneficiary of the options that have been assigned to them, it will be required that the operational, financial and sustainability-related performance of the ACS Group during the period 2018–2020 exceeds the average parameters of the main comparable companies on the market and, for this purpose, a selection has been made of the listed companies that compete in the same markets as the ACS Group (Europe, the Americas and Australia), with capitalization greater than EUR 1,000 million and whose international sales exceed 15% of their total revenue. In order for the options to be exercisable by the beneficiaries, the following two

criteria are established, one of which is financial in character and the other non-financial, with different weightings:

1. A financial criterion with a weighting of 85%: ROE: The objective set is to exceed average profitability in the sector over the period 2018–2020. If the ACS figure exceeds the sector average, 100% of the options foreseen will be allocated. If the ACS figure does not exceed the 25th percentile of the sector sample, 50% of the options will be allocated, with intermediate positions weighted proportionally between 50% and 85%. This criterion has already been met since ACS's average ROE for the period 2018–20 was 19.6% compared to 10.5% of the adjusted average of the sector (without considering companies in losses).
2. A non-financial criterion with a weighting of 15%: Sustainability: The objective set is to exceed for at least two years the 60th percentile in the world ranking table produced annually by RobecoSAM for the Dow Jones Sustainability Index. This criterion has also been met as ACS has been included in the DJSI World index in the last two years.
3. Tax withholdings and the taxes payable as a result of exercising the share options will be borne exclusively by the beneficiaries.

The stock market price of ACS shares as at December 31, 2020 and 2019, was EUR 27.150 and EUR 35.650, per share, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to plan described above, the share options are to be settled through equity instruments and never in cash. However, since the Parent Company has hedged the commitments arising from these plans with a financial institution, their settlement shall not involve, under any circumstances, the issue of equity instruments additional to those outstanding as at December 31, 2020. In 2020, EUR 4,471 thousand (see Note 28.02) (EUR 4,471 thousand in 2019) related to share-based remuneration were recognized under personal expenses in the consolidated income statement, with a balancing entry in equity. For the calculation of the total cost of the aforementioned share plans, the Parent Company considered the financial cost of the shares on the date on which the plan was granted based upon the futures curve on the notional value of each of them, the effect of the estimate of future dividends during the period, as well as the "put" value granted to the financial institution by applying the Black-Scholes formula. This cost is distributed over the vesting years of the plan.

HOCHTIEF

Within the Hochtief Group there are also share-based payment remuneration systems for the group's management. All of these stock option plans form part of the remuneration system for senior executives of Hochtief and long-term incentive plans. The total amount provisioned for these share-based payment plans as at December 31, 2020, is EUR 8,356 thousand (EUR 7,968 thousand as at December 31, 2019). EUR 985 thousand (EUR 5,794 thousand in 2019) were taken to the consolidated income statement in this connection in the 2020 financial year. To hedge the risk of exposure to changes in the market price of the Hochtief, A.G. shares, it has a number of derivatives which are not considered to be accounting hedges.

The following share-based remuneration plans were in force for managerial staff of Hochtief, A.G. and its affiliates in 2020:

Long-term Incentive Plan 2017

The Long-term Incentive Plan 2017 (LTIP 2017) was launched by resolution of the Supervisory Board in 2017 and is open to Executive Board members and selected managerial employees. This plan is based on assigning performance share awards (PSA).

The conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a grace period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The size of the performance bonus depends on the adjusted free cash flow of the last complete year before the exercise date.

The gain is limited to EUR 514.62 per PSA.

Long-term Incentive Plan 2018

The Long-term Incentive Plan 2018 (LTIP 2018) was launched by resolution of the Supervisory Board in 2018 and is open to Executive Board members and selected managerial employees. This plan is based on performance share awards (PSA).

The conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a grace period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The performance bonus depends on the relevant effective performance indicator for each company in the last full year before the exercise date. For the members of the Executive Board and the management employees of Hochtief, A.G., the performance bonus depends on the adjusted free cash flow.

The gain is limited to EUR 533.70 per PSA.

Long-term Incentive Plan 2019

The Long-term Incentive Plan 2019 (LTIP 2019) was launched by resolution of the Supervisory Board in 2019 and is open to Executive Board members and selected managerial employees. This plan is based on performance share awards (PSA).

The conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a grace period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The performance bonus depends on the relevant effective performance indicator for each company in the last full year before the exercise date. For the members of the Executive Board and the management employees of Hochtief, A.G., the performance bonus depends on the adjusted free cash flow.

The gain is limited to EUR 477.12 per PSA.

The conditions of all plans stipulate that, during the year—and subject to the fulfillment of all other requisite criteria—Hochtief, A.G. normally has the option of delivering Hochtief shares instead of paying out the gain in cash. Where the entitled individuals are not employees of Hochtief, A.G., the expense incurred on exercise is borne by the affiliated company concerned.

The quantities granted, expired and exercised under the plans to date, are as follows:

	Originally granted	Outstanding at 31 Dec 2019	Granted in 2020	Expired in 2020	Exercised / settled in 2020	Outstanding at 31 Dec 2020
LTIP 2017 – performance stock awards	20,081	20,081	—	—	3,900	16,181
LTIP 2018 – performance stock awards	20,069	20,069	—	—	—	20,069
LTIP 2019 – performance stock awards	21,485	21,485	—	—	—	21,485

Provisions recognized for the stated share-based payment arrangements totaled EUR 8,356 thousand as of the balance sheet date (EUR 7,968 thousand in 2019). The total expense recognized for the stated arrangements in 2020 was EUR 985 thousand (EUR 794 thousand in 2019). The intrinsic value of plans exercisable at the end of the reporting period was EUR 1,309 thousand (EUR 0 thousand in 2019).

28.04. Changes in the fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. The most significant effect in 2020 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A.

shares, which gave rise to a loss of EUR 106,773 thousand (a gain of EUR 22,642 thousand in 2019), as described in Note 22. Additionally, this heading reflects the positive effect associated with new derivatives on ACS shares (forward purchase contracts settled for differences) which resulted in a profit of EUR 181,366 thousand (see Note 22).

In addition, the 2020 financial year reflects the effect of the changes in value experienced in the shares of Masmovil up to the public takeover bid (TOB), which has resulted in a profit of EUR 7,560 thousand (see Note 10.01). In 2019, an effect due to changes in value of the shares in Masmovil was recognized, which resulted in a gain of EUR 2,940 thousand.

28.05. Financial costs

The breakdown of financial expenses for 2020 and 2019 is the following:

Financial expenses	Millions of Euros	%	Millions of Euros	%
	2020		2019	
Debt-related financial expenses	270.5	64.0	315.5	63.0
Financial expenses for Collateral and Guarantees	36.2	9.0	41.6	8.0
Other financial expenses	115.8	27.0	140.1	29.0
Total	**422.5**	**100.0**	**497.2**	**100.0**

The ordinary financial result has dropped by 12.2% thanks to the reduction in financial expenditure due to the lower average cost of credit facilities.

Financial expenses include factoring costs.

29. Impairment and gains or losses on disposals of non-current assets and financial instruments

The breakdown of "Impairment and gains on the disposals of non-current assets" in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Impairment of assets	(27,506)	10,829
Gains or losses on disposal of assets	1,119,392	287,999
Impairment of goodwill of consolidation	—	(2,743)
Total	**1,091,886**	**296,085**

The heading "Impairment and gains on the disposals of non-current assets" includes mainly revenue from the sale of 50% of Thiess and the subsequent joint control exercised by Cimic with its partner Elliott (see Notes 02.02.f and 09) at the end of the financial year in the amount of EUR 1,111 million. In addition, it includes revenue from the sale in the 2020 financial year of shadow toll roads (see Note 02.02.f)).

Gains or losses on disposals of fixed assets in 2019 mainly include the gain or loss generated by the sale of the photovoltaic energy projects in operation in Spain (see Note 03.09).

In 2019, the ACS Group, through its subsidiary ACS Infrastructure Development, Inc. sold 75% of its 50% stake in the concession company I-595 Express, LLC in Florida (USA) I 595 Toll Road, LLC, to the owner of the other 50%. Also in 2019, the ACS Group sold its 50% stake in the Canadian company Northeast Anthony Henday, the concessionaire of the Edmonton ring road in Alberta, Canada (see Note 02.02.f)).

The breakdown of "Impairment and gains or losses on disposal of financial instruments" in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019 (*)
Impairment of financial instruments	105,645	(48)
Gains or losses on disposal of financial instruments	2,977	3,675
Total	**108,622**	**3,627**

(*) Data restated.

30. Distribution of profit

As in previous years, at the date of the call notice of the Annual General Meeting, the Parent Company's Board of Directors agreed to propose an alternative remuneration system allowing shareholders to receive bonus shares of the Company or cash through the sale of the corresponding bonus issue rights. This option would be instrumented through an increase in paid-in capital, which will be subject to approval by the shareholders at the General Shareholders' Meeting. In the event that it is approved, the increase in paid-in capital may be executed by the Board of Directors up to two times, in July and at the start of the following year, coinciding with the times when dividends are customarily paid. During each capital increase, each shareholder of the Company receives a bonus issue right for each share. The free allocation rights will be traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. Depending on the alternative chosen, shareholders would be able to either receive additional paid-in shares of the Company, sell their bonus issue rights on the market or sell them to the company at a specific price calculated using the established formula.

The distribution of the profit for 2020 that the Board of Directors will propose for approval at the General Shareholders' Meeting shall be the confirmation of the interim dividend of EUR 0.16 per share approved by the Board of Directors on June 19, 2020 and paid on July 6, 2020, for a total amount of EUR 46,256 thousand with the rest being transferred from the profit for the financial year (EUR 810,853 thousand) to voluntary reserves.

31. Earnings per share from continuing and discontinued operations

31.01. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2020	2019 (*)	Change (%)
Net profit for the period (Thousands of Euros)	574,005	962,027	(40.33)
Weighted average number of shares outstanding	293,847,994	307,513,166	(4.44)
Basic earnings per share (Euros)	**1.95**	**3.13**	**(37.70)**
Diluted earnings per share (Euros)	**1.95**	**3.13**	**(37.70)**
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	—	(241,427.00)	n/a
Basic earnings per share from discontinued operations (Euros)	—	(0.79)	n/a
Basic earnings per share from continuing operations (Euros)	**1.95**	**3.91**	**(50.13)**
Diluted earnings per share from discontinued operations (Euros)	—	(0.79)	n/a
Diluted earnings per share from continuing operations (Euros)	**1.95**	**3.91**	**(50.13)**

(*) Data restated.

	Number of shares	
	2020	2019
Common shares outstanding at January 1	303,278,348	308,221,603
Effect of own shares	(18,218,395)	(4,943,255)
Effect of shares issued	14,276,225	10,802,365
Effect of redeemed shares	(14,276,225)	(10,802,365)
Common shares outstanding at December 31	285,059,953	303,278,348
Weighted average number of shares outstanding at December 31	293,847,994	307,513,166

31.02. Diluted earnings per share

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. The ACS share option plan currently in force (Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. As at December 31, 2020, as a result of the simultaneous capital increase and reduction in 2021, for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for 2020 are the same.

32. Events after the reporting date

On January 11, 2021, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second execution of capital increase with a charge to reserves approved by the Ordinary General Shareholders' Meeting held on May 8, 2020. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second execution of the reduction of the share capital by amortization of its treasury shares approved at the same General Shareholders' Meeting for a maximum amount equal to the amount in which the share capital is actually increased as a result of the second execution of the capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second execution of the capital increase charged to reserves agreed upon at the General Shareholders' Meeting held on May 8, 2020 (through which an optional dividend in shares or cash is structured), was set at 4,931,184 on January 19, 2021.

The price at which ACS, Actividades de Construcción y Servicios, S.A., undertook to purchase from its shareholders the free allocation rights corresponding to the said second execution of the capital increase was determined at a fixed gross amount of EUR 0.452 for each right.

After the negotiation period for the free allocation rights corresponding to the second execution of released capital increase, the irrevocable commitment to the purchase of rights assumed by ACS was accepted by the holders of 39.68% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in February 2021 the following events took place:

- The dividend was determined to be a total gross amount of EUR 55,716,280.82 (EUR 0.452 per share) and was paid on February 9, 2021.
- The number of final shares subject to the capital increase was 2,568,165 for a nominal amount of EUR 1,284,082.50, which were redeemed simultaneously for the same amount. (see Note 15.05).

On February 15, 2021, CIMIC announced that they had signed an agreement with SALD Investment LLC ("SALD") for the sale of CIMIC's investment in the Middle East. SALD, a private investment company based in the United Arab Emirates, will buy CIMIC's 45% investment in BICC as well as the remaining 55% of BICC held by CIMIC's co-shareholder. The sale covers all of CIMIC's investments in the Middle East. Upon completion, SALD will own all BICC businesses in the UAE, Qatar, Oman and Saudi Arabia. Completion of the stock purchase agreement is subject to compliance with certain conditions above and to obtaining all necessary approvals. While CIMIC has agreed with the buyer to contribute a certain amount of funds to BICC, the transaction does not increase CIMIC's previously announced financial exposure in the Middle East. The financial impact of the transaction for CIMIC is already included in the single after-tax impact on the 2019 financial statements of CIMIC announced on January 23, 2020.

On March 26, 2021, Cimic has successfully signed a three-year AUD 1,400 million syndicated bond issuance.

As of the date of preparation of these Annual Accounts, negotiations with VINCI are continuing with a view to reaching an agreement for the acquisition of most of the Industrial Services business, and it is estimated that this agreement will be reached shortly. In any case, the transaction would be subject, as a condition precedent, to obtaining all the necessary authorizations, especially in the area of competition.

33. Related party transactions and balances

Transactions between the Parent Company and its Subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are broken down below. Transactions between the Parent Company and its subsidiaries and associates are broken down in the individual financial statements.

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Parent Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

33.01. Transactions with associates

During the year, Group companies performed the following transactions with related parties which do not form part of the Group:

	Thousands of Euros	
	2020	2019
Sale of goods and services	109,680	152,999
Purchase of goods and services	229	185
Accounts receivable	448,005	545,484
Accounts payable	95,759	117,046

Transactions between related parties are carried under normal market conditions.

33.02. Other related party transactions and balances

The following information relating to transactions with related parties is disclosed in accordance with the Spanish Ministry of Economy and Finance Order EHA/3050/2004, of September 15 and applied through the Spanish National Securities Market Commission (CNMV).

Transactions between individuals, companies or Group entities related to Group shareholders or directors

The following transactions were performed in 2020:

2020 Related transactions Management or collaboration contracts	Directors and executives	Other related parties				Total
		Fidalser, S.L.	Vedelobo, S.L.	Others	Total	
	Thousands of Euros					
Leases	—	40	—	—	**40**	**40**
Services received	—	104	10	—	**114**	**114**
Expenses	**—**	**144**	**10**	**—**	**154**	**154**
Services rendered	—	—	32	238	**270**	**270**
Income	**—**	**—**	**32**	**238**	**270**	**270**

2020 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
	Thousands of Euros		
Financing agreements: loans and capital contributions (lender)	413,416	—	**413,416**
Dividends and other profit distributed	—	1,166	**1,166**

The transactions carried out in 2019 were as follows:

2019 Related transactions Management or collaboration contracts	Directors and executives	Other related parties					Total
		Fidalser, S.L.	Vedelobo, S.L.	Zardoya Otis, S.A.	Others	Total	
	Thousands of Euros						
Leases	—	209	—	—	—	**209**	**209**
Services received	—	66	—	2,439	—	**2,505**	**2,505**
Expenses	**—**	**275**	**—**	**2,439**	**—**	**2,714**	**2,714**
Services rendered	—	—	105	20	206	**331**	**331**
Sale of goods	405	—	—	—	—	**—**	**405**
Income	**405**	**—**	**105**	**20**	**206**	**331**	**736**

2019 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
	Thousands of Euros		
Financing agreements: loans and capital contributions (lender)	496,807	—	**496,807**
Dividends and other profit distributed	—	1,083	**1,083**

At December 31, 2020, the balance outstanding with Banco Sabadell amounted to EUR 316,530 thousand (EUR 293,025 thousand at December 31, 2019) for loans and credits granted to ACS Group companies. Also, the transactions maintained by this bank as at December 31, 2020, in accordance with the information available at the different ACS Group companies, amounted to EUR 234,046 thousand (EUR 240,845 thousand as at December 31, 2019) in guarantees and sureties and EUR 52,407 thousand (EUR 68,079 thousand as at December 31, 2019) in reverse factoring transactions with suppliers.

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. In this regard, the transactions with Fidalser, S.L. and Fapin Mobi, S.L. are listed due to the relationship of the Board Member, Pedro Lopez Jimenez, with these companies. The transactions with Banco Sabadell are listed due the bank's relationship with the Board Member Javier Echenique.

"Other transactions" included all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal operations of the Group companies.

Transactions between companies forming part of the consolidated ACS Group were eliminated in the consolidation process and formed part of the ordinary business conducted by said companies in terms of their purpose and contractual conditions. Transactions are carried out on an arm's length basis and disclosure is not required to present a true and fair image of the Group's equity, financial situation and results.

34. Board of Directors and senior executives

The Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the boards of directors of the Parent Company and the Group companies or as senior executives of Group companies.

	Thousands of Euros	
	2020	2019
Remuneration for membership of the Board and / or Commissions	3,769	4,163
Wages	6,347	6,370
Variable cash remuneration	4,404	5,324
Total	**14,520**	**15,857**

The amount charged to the consolidated income statement in relation to share options granted in 2018 to members of the Board of Directors with executive duties was EUR 457 thousand (EUR 458 thousand in 2019). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to Board Members relating to mutual funds, pension plans and life insurance are as follows as at December 31, 2020 and 2019:

	Thousands of Euros	
	2020	2019
Long-term savings systems	4,413	4,284
Other concepts	33	33
Total	**4,446**	**4,317**

The ACS Group has not granted any advances or loans or made any guarantees to any of the board members as at December 31, 2020 and 2019.

34.01. Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

34.02. Remuneration of senior executives

The remuneration paid to the Group's Senior Executives, who are not executive directors, for the periods ended December 31, 2020 and 2019, was as follows:

	Thousands of Euros	
	2020	2019
Salary remuneration (fixed and variable)	35,777	36,330
Pension plans	2,610	1,964
Life insurances	59	52

The decrease in the amounts paid from year to year is due to the change in the composition of senior executives. The amounts recognized in the consolidated income statement in 2020 as a result of the share options granted to the Group's Senior Executives, in July 2018, amounted to EUR 4,014 thousand (EUR 4,014 thousand in 2019) and are not included in the aforementioned remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

The ACS Group has not granted any advances or loans or made any guarantees to any of the Senior Executives at December 31, 2020 and 2019.

35. Other disclosures concerning the Board of Directors

In accordance with the information held by the Company, no situations of direct or indirect conflict with the interests of the Company have arisen pursuant to applicable regulations (currently, Article 229 of the Spanish Companies Law), all without prejudice to the information on related transactions contained in the notes to the financial statements. The amount corresponding to the liability insurance premiums of, among other insured parties, the Parent Company's directors amounted to EUR 2,291 thousand in 2020 (EUR 852 thousand in 2019).

In 2020 and 2019, the Company had commercial relationships with companies in which some of their directors perform management functions. All these commercial relationships were carried out on an arm's-length basis in the ordinary course of business and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

36.01. Guarantees

At December 31, 2020, the ACS Group had provided guarantees and sureties to third parties in connection with its business activities totaling EUR 23,992,861 thousand (EUR 25,108,940 thousand as at December 31, 2019), most of this due to the inclusion of the bonding lines held by Dragados and Hochtief for the conducting of their operations in the United States. The limit of surety bonds and guarantees granted to third parties at December 31, 2020, amounted to EUR 31,976,567 thousand (EUR 32,780,310 thousand as at December 31, 2019).

The item-by-item detail of the amounts arranged for these lines is as follows:

	Thousands of Euros	
	Disposed	
	2020	2019
Technical guarantees	8,449,339	8,495,927
Financial guarantees	1,889,390	1,545,074
Guarantees and guarantees in relation to Bonding Lines	13,359,190	15,048,436
Others	294,942	19,503
Total	**23,992,861**	**25,108,940**

The financial guarantees of EUR 1,889 million cover EUR 1,037 million of exercise or performance guarantees, EUR 540 million for advance guarantees, EUR 117 million corresponding to capital commitments for projects, with the remaining EUR 195 million corresponding to other financial guarantees.

The guarantees and sureties in relation to the bonding lines mentioned in the table above correspond to the guarantee of execution of the projects and operations developed by ACS Group companies in the United States, Canada and the United Kingdom, signed with various insurance companies.

The above amounts include the guarantees granted by Cimic on the sale of Thiess to Elliott (as described in Note 02.02.f)). In this regard, the ACS Group has registered as a derivative financial instrument the value of the put option for Elliott to sell all or part of its 50% stake in Thiess to CIMIC after the third year, between four to six years following the sale on December 31, 2020. The fair value of the option at December 31, 2020 (see Note 22) amounts to EUR 8.2 million (AUD 13.0 million).

The Group's directors do not expect any material liabilities additional to those recognized in the accompanying consolidated statement of financial position to arise as a result of the transactions described in this Note. The contingent liabilities include the ordinary liability of the companies with which the Group carries out its business activities. Normal liability is that concerning compliance with the contractual obligations undertaken in the course of construction, industrial services or urban services by the companies themselves or the unincorporated joint ventures in which they participate.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession contracts, etc.

All of the project financing, including that recognized under "Non-current assets in projects" as well as that recognized under "Non-current asset held for sale and discontinued operations" on the accompanying consolidated statement of financial position, whether fully consolidated or consolidated using the equity method, have construction guarantees until their entry into service.

In this connection, the Group, in its construction activity, has income recognition policies in place based on the collection certainty, in accordance with the contractual conditions of the agreements it executes. However, as indicated in Note 12, there are certain outstanding balances receivable which are under dispute with the corresponding customers and even, particularly with regard to international works, which require certain necessary experts to intermediate as arbitration processes have commenced to resolve them. This includes the provision made by Cimic for the amount of AUD 675 million (equivalent to EUR 419 million as at December 31, 2020). This provision was not used either in 2020 nor in 2019.

36.02. Other contingent liabilities

In the course of its activities, the ACS Group is subject to contingent liabilities of various types which arise from litigation or administrative proceedings. It is reasonable to consider that these will not have a material effect on the economic and financial situation or on the solvency of the Group and provisions have been made insofar as they may have a material adverse effect.

Both the investment of ACS Group in Alazor (highways R3 and R5) and the accounts receivable for Alazor, have been fully provided for in the Consolidated Annual Accounts of the ACS Group for 2020 and 2019.

With regard to the claim for declaratory judgment filed by the financial institutions and notified to the shareholders in October 2013, it should be noted that, after withdrawing in September 2018 the appeal they had filed against the rejection thereof, the funds acquiring the loans filed a new claim for declaratory judgment, which has been notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in the month of January 2019, in which they invoke clause two of the Shareholders' Support Agreement to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 169 million would correspond to the ACS Group). After the reply to the claim was formally made and the corresponding preliminary hearing was held (that took place on March 8, 2021), the Court of First Instance No. 13 of Madrid has set a hearing for November 29, 2021.

With regard to the executive claim notified in February 2014, based on clause four (viii) of the Shareholders' Support Agreement, it should be noted that after the enforcement order was rendered null and void and the EUR 278.37 million deposited in the Court's account (of which EUR 87.85 million correspond to the ACS Group) were returned, the Shareholders have claimed EUR 31.71 million as compensation for the interest on arrears and the damages caused (EUR 11.32 million correspond to the ACS Group). In view of the opposition of the funds, the Court of First Instance No. 51 of Madrid agreed to appoint an ex officio expert and held an oral hearing on March 10, 2021, with a judgment issued on March 11, 2021, estimating the shareholder claims and recognizing a total indemnity of EUR 26.19 million (EUR 11.3 million corresponded to the ACS Group), condemning the funds to pay the costs.

Invoking the same contractual clause that gave rise to the claim for declaratory judgment, the funds have filed a second claim, this time declaratory, of which ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified in May 2019, whereby they claim the payment of EUR 562.5 million from Alazor shareholders and their respective guarantors (EUR 133 million would be for the ACS Group). After the reply to the claim was formally made and a preliminary hearing was held (that took place on December 16, 2020), the Court of First Instance No. 26 of Madrid has set a hearing for June 16, 2021.

In relation to the ACS Group's investment in Irasa (R2 highway), it should be noted that in September 2019 ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified that the creditor funds had filed a declaratory judgment action in which, invoking clause two of the Shareholders' Commitment Agreement, they demanded payment from the shareholders of Irasa and their respective guarantors of a total of EUR 551.50 million (EUR 193 million would correspond to the ACS Group) to cover construction and expropriation costs. After having replied to the claim, the Court of First Instance No. 37 of Madrid set the date for the preliminary hearing for February 7, 2022 and the hearing, for May 23, 2022.

As regards bankruptcy proceedings, it should be noted that **the insolvency proceedings of Henarsa, Irasa, Accesos de Madrid and Alazor** were all declared unforeseeable. The Henarsa and Accesos de Madrid bankruptcy administrations handed over the operation of the R2, R3 and R5 highways to the State in documents dated February 28 and May 9, 2018, respectively and they are being managed by the Ministry of

Development through the SEITTSA, under an agreement signed in August 2017 which has been extended until 2022.

In relation to the concession agreement of the Lima Metro Line 2 Project in Peru, on January 16, 2017, the concessionaire Metro de Lima Línea 2, S.A. (in which Iridium Concesiones de Infraestructuras S.A. holds a 25% stake) filed an application for arbitration against the Republic of Peru (Ministry of Transport and Communications) before the International Center for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) for serious breach by the Republic of Peru in the concession agreement, mainly consisting of: (i) the non-delivery of the Concession Area within the terms and conditions established in the concession agreement and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies.

In 2018, several briefs were filed requesting an extension of the term of execution of the Project works and compensation for damages in excess of USD 700 million, which include damages incurred by different participants in the Project (concessionary, construction group, rolling stock supplier, etc.). The Republic of Peru has dismissed the claims made and has included a counterclaim against the concessionaire company claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

Both the claim brought by the concessionaire against Peru and the counterclaim by Peru against the concessionaire have been consolidated into a single arbitration process in ICSID. The process has followed its normal course: in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave their testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing and written conclusions were presented by both the concessionaire company and the State of Peru on September 20, 2019. The arbitration ruling is likely to be issued in the first half of 2021.

On December 3, 2015, the CNMC delivered a judgment in the proceedings against various companies, including Dragados, S.A., for alleged restrictive practices to competition in relation to the modular construction business. The amount of the decision, which totals EUR 8.6 million, it was the subject of an appeal filed during 2016. The Group's Management considers that its potential effect will not be significant.

On October 1, 2018, an accusation was brought against DRAGADOS and other companies for possible infringements of Article 1 of the Competition Law and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the field of tenders called by the various Public Administrations in Spain, for the construction and rehabilitation of infrastructures and buildings. On July 16, 2020, the said accusation was declared to have exceeded its validity, although on August 6, 2020, the initiation of a new accusation was notified in relation to the same facts as the expired accusation. On September 16, 2020, Dragados filed a contentious-administrative appeal against the resolution that decreed the expiration, which was admitted on October 9, 2020, with the claim being formalized on December 16, 2020.

On March 14, 2019, the Spanish National Commission for Markets and Competition (CNMC) notified the Group's subsidiaries, Cobra Instalaciones y Servicios, S.A., Sociedad Española de Montajes Industriales, S.A., Control y Montajes Industriales Cymi, S.A. and Electren, S.A. of its decision regarding its alleged participation in two Spanish cartels relating to public tenders for conventional and high-speed railway lines, imposing fines totaling EUR 51 million. During the month of May 2019, each of these subsidiaries filed a contentious-administrative appeal against the resolution before the Audiencia Nacional, requesting the precautionary suspension of the payment of the sanctions, which have been granted with the condition that a guarantee or payment deposit be submitted. The Group, with the support of its legal advisors, considers that there are solid arguments that could enable it to obtain the nullity of the resolution.

On October 1, 2019, the Spanish National Commission for Markets and Competition (CNMC) issued a ruling in which it concluded that the Group's subsidiaries, Mantenimiento y Ayuda a la Explotación y Servicios S.A.("MAESSA"), Mantenimiento y Montajes Industriales, S.A. ("MASA") and Moncobra, S.A. had allegedly taken part, together with other companies, in a cartel in Spain consisting of price fixing and the distribution of tenders for the provision of industrial assembly and maintenance services, imposing financial penalties totaling EUR 18 million. Moncobra has not been financially sanctioned because it was considered that the alleged infringement is time-barred. Each of the subsidiaries mentioned filed the relevant contentious-administrative appeals against the resolution before the Audiencia Nacional, requesting the precautionary suspension of the payment of the sanctions in relation to the appeals concerning MASA and MAESSA, which was granted on condition that a guarantee or surety deposit be submitted. This surety deposit payment has in fact taken place. The Group, with the support of its legal advisors, considers that there are solid arguments that could lead to the nullity of the aforementioned resolution, in addition to confirmation of the time-barred status of the claim against Moncobra.

With regard to the case concerning sanction filing S/DC/0614/17, Rail Security and Communications, which was launched on August 27, 2018, against Cobra by the CNMC Competition Directorate. The subject of this sanction filing covers Cobra's possible participation in the distribution of tenders for the supply, installation, commissioning and maintenance of security, traffic control and management, communications and rail protection systems for the conventional and high-speed rail network in Spain. On September 15, 2020, a statement of objections was drawn up and written pleadings were submitted on October 16, 2020.

API Movilidad, S.A. ("API"), in relation to the sanction filing S/DC/0013/19, Conservation of Roads, initiated on July 15, 2019, by the CNMC's Competition Directorate against API in relation to activities carried out in the field of the provision of maintenance and operation services for roads. ACS and the corresponding parent companies have also been charged. The subject of this sanction filing includes API's possible participation in anti-competitive practices consisting of the distribution of tenders for the provision of maintenance and operation services for the Spanish National Road Network convened by the Ministry of Development. During the course of January 2021, API submitted the relevant pleas in its defense against the statement of objections transmitted by the CNMC. To date, no preliminary ruling has yet been issued by that body. The Group, with the support of its legal advisers, considers that there are solid arguments that could lead to the nullity of the resolution.

With regard to the proceedings in progress described above, the Directors, with the support of their legal advisors, do not expect any material liabilities additional to those recognized in the Consolidated Annual Accounts to arise as a result of the transactions or the results of the proceedings described in this note.

37. Information on the environment

The ACS combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. The ACS Environmental Policy defines the general principles which must be adhered to, but are sufficiently flexible to accommodate the elements of policy and planning development by the companies in the various business areas and fulfill the requirements of the most recent version of the standard ISO 14001 and other commitments by the companies to other environmental standards, such as EMAS, or standards relating to their carbon footprint or water footprint. Within this Policy, the following commitments are established:

1. To comply with the applicable legislation and standards in general and other voluntary commitments entered into in each of the branches, delegations, projects, works and services of the ACS Group.
2. To prevent contamination, by assessing the potential environmental risks at every stage of a project, job or service, with the aim of designing processes which minimize environmental impact as far as possible.
3. To continuously improve management of environmental activities, by setting and following up on environmental goals.
4. To strive for transparency in external communications, by periodically publishing information about environmental initiatives to all interest groups, catering for their demands and expectations, either in compliance with regulations or independently.
5. To enhance skills and raise awareness, by providing training and educational activities to employees, suppliers, clients and other interest groups.

The significant level of implementation of an environmental management system, present in companies representing 97.4% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is implemented in 74.1% of ACS Group sales.

In order to articulate and deploy a policy based on these environmental commitments, the most significant ones are identified at the corporate level, according to their impact on the environment and the external requirements, which are then contrasted with the management systems of each company and the environmental priorities in each business activity.

Considering the environmental impacts identified, the environmental activities of ACS Group companies will, concretely and operationally, center around four main areas.

1. Energy and emissions
2. The circular economy
3. Efficient and responsible use of water resources.
4. Biodiversity

Key Management - Environment Indicators	2020	2019 (*)
Water extraction (m3)	27,681,049	27,068,160
Ratio: m3 water / Sales (€mn)	805.0	716.2
Direct emissions (Scope 1) (tCO2 equiv.)	2,683,671	3,001,287
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	78.0	79.4
Indirect emissions (Scope 2) (tCO2 equiv.)	183,375	277,291
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	5.3	7.3
Indirect emissions (Scope 3) (tCO2 equiv.)	1,937,759	2,714,878
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	56.4	71.8
Total emissions (tCO2 equiv.)	4,804,804	5,993,456
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	139.7	158.6
Non-hazardous waste sent for management (t)	15,713,510	12,669,950
Ratio: Tons of non-hazardous waste / Sales (€mn)	457.0	335.2
Hazardous waste sent for management (t)	389,150	130,343
Ratio: Tons of hazardous waste / Sales (€mn)	11.3	3.4

(*) 2019 data recalculated according to the scope and criteria of the data reported in 2020.

Overseeing the environmental activities of the ACS Group and enacting the planes of action and improvement programs is the responsibility of the Environment Department of each group of companies; the same Departments are responsible for implementing the necessary measures to reduce and mitigate environmental impacts stemming from the Group's activities.

Environmental expenses incurred in 2020 amounted to EUR 2,044 thousand (EUR 1,904 thousand in 2019).

38. Auditors' fees

The fees for financial audit services provided to the various companies in 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	**2019**
Audit service fees	**11,483**	**10,384**
Main auditor	7,143	5,927
Other auditors	4,340	4,457
Other verification services	**551**	**619**
Main auditor	551	619
Fees for tax services	**2,042**	**2,800**
Main auditor	1,056	1,833
Other auditors	986	967
Other services	**1,798**	**1,638**
Main auditor	457	204
Other auditors	1,341	1,434
Total	**15,874**	**15,441**

The fees relating to audit services provided by KPMG Auditores, S.L. for the financial statements amounted to EUR 1,817 thousand (EUR 1,809 thousand in 2019) while those relating to other verification services amounted to EUR 410 thousand (EUR 314 thousand in 2019) and the fees for other services amounted to EUR 10 thousand.

In the above table, the amount of other verification services for financial year 2020 includes EUR 410 thousand for services provided by KPMG Auditors, S.L. (EUR 314 thousand in 2019). These services correspond to the limited audit of the interim consolidated financial statements, the comfort letters and the ICFRS Report.

In the above table, the amount of other verification services for the 2020 financial year includes EUR 10 thousand for services provided by KPMG Auditors, S.L. These services mainly correspond to reports on agreed procedures and compliance with covenants.

On the other hand, in relation to the lead auditor, "Other verification services" essentially include limited revisions of intermediate financial statements, comfort letters issuance services and other assurance work (ISAE 3000). The "tax services" item mainly includes advisory services fees for advisory services in transfer pricing documentation , corporate taxes and indirect taxation. Finally, the "other services" item mainly includes legal services, consultancy services and generally agreed-upon procedures.

APPENDICES

As stated in Note 02 to the financial statements, Appendices I and II list the subsidiaries, Joint Ventures and EIGs in the ACS Group in 2020, including their registered office and the Group's effective percentage of ownership. The effective percentage indicated in the Appendices includes, in the event it is applicable to subsidiaries, the proportionate part of the treasury shares held by the subsidiary.

For the companies domiciled in the four main countries of the group, Spain, Germany, Australia and the United States, covering about 77% of sales, a breakdown is performed for the domicile of the main headquarters or management office, expressly declared for tax on profits in the country of residence (in particular, *domicilio fiscal* in Spain, geschaftsanschrift in Germany, business address of main business in Australia and corporation´s principal office or place of business in the United States). In the other countries, the domicile given is the address considered legally relevant in each case.

The information is grouped in accordance with the management criteria of the ACS Group on the basis of the different business segments or lines of business carried on. Note 25.01 explains the criteria used for segmentation and the reorganization carried out in the year and their restatement for the purposes of comparison, in relation to the infrastructure and concessions business.

1. CORPORATION

This includes the Parent Company of the Group, ACS, Actividades de Construcción y Servicios, S.A., as well as those companies with ownership interests mainly in telecommunications.

2. INFRASTRUCTURE

This area comprises the activities of:

2.1. CONSTRUCTION

Information is separated on the basis of the two companies heading this line of business:

– Dragados

  This includes both domestic and foreign activities relating to civil construction works (highways and roads, railways, hydraulic infrastructures, coasts and ports, etc.), as well as residential and non-residential buildings.

– Hochtief

  This segment includes the activities carried on by the different business segments of this company:

  - Hochtief Americas – Its activity is mainly carried on in the USA and Canada and relates to the construction of buildings (public and private), infrastructures, civil engineering and educational and sports facilities.
  - Hochtief Asia Pacific – Its activities are carried on by its Australian subsidiary Cimic, in particular construction, mining contracts and the operation and development of real estate infrastructures.
  - Hochtief Europe – This segment mainly operates through Hochtief Solutions A.G., which designs, develops, constructs and operates infrastructure projects, real estate and facilities.

2.2. CONCESSIONS

– Iridium

  It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

– Abertis

  Corresponding to the ACS Group's ownership interest in Abertis.

3. INDUSTRIAL SERVICES

This area is dedicated to applied industrial engineering, developing construction, maintenance and operation activities for energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial.

4. SERVICES

This area only includes Clece's facility management business activity which comprises maintenance of buildings, public places or organizations, as well as assistance for individuals. This area is primarily based in Spain.

Subsidiaries

Company	Registered Office	% Effective Ownership
PARENT		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	-
Altomira Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Funding Statement, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. España.	100,00%
Nexplore, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Protide, S.A. Unipersonal	C/ Orense,34-1º 28020 Madrid - España	100,00%
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Statement Structure, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
INFRASTRUCTURES - DRAGADOS		
Dragados, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Acainsa, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100,00%
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. España.	100,00%
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile.	50,00%
Blue Clean Water, LLC.	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094. New Jersey. Estados Unidos.	76,40%
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100,00%
Consorcio Constructor Hospital de Quellón, S.A.	Av. Tajamar, 183, depto P-5 Las Condes. Santiago de Chile. Chile.	49,99%
Consorcio Constructor Juzgado de Garantía de Osorno, S.A.	Avda. Vitacura 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile.	50,01%
Consorcio Constructor Puente Santa Elvira, S.A.	Avenida Tajamar 183, piso 5. Las Condes.Santiago. Chile.	49,99%
Consorcio Dragados Conpax Dos, S.A.	Avda. Vitacura 2939 ofic 2201. Las Condes.Santiago de Chile Chile	55,00%
Consorcio Dragados Conpax, S.A.	Avda. Vitacura 2939 ofic. 2201.Las Condes - Santiago de Chile. Chile.	60,00%
Consorcio Embalse Chironta, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	49,99%
Consorcio Tecdra, S.A.	Almirante Pastene, 244.702 Providencia. Santiago de Chile. Chile.	100,00%
Construcciones y Servicios del Egeo, S.A.	Alamanas,1 151 25 Maroussi.Atenas. Grecia.	100,00%
Construrail, S.A.	C/ Orense, 11. 28020 Madrid. España.	51,00%
Continental Rail, S.A.	C/ Orense, 11. 28020 Madrid. España.	100,00%
DRACE Infraestructuras, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España	100,00%
Drace Infraestructures UK, Ltd.	Regina House second floor, 1-5 Queen Street.Londres EC4N 15W. Reino Unido	100,00%
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104.Washington. Estados Unidos.	100,00%
Dragados Australia PTY Ltd.	Level 32, 101 Miller Street - North Sydney - 2060 - NSW. Sydney. Australia.	100,00%
Dragados Canadá, Inc.	150 King Street West, Suite 2103.Toronto ON. Canadá.	100,00%
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 of.2201.Las Condes.Santiago de Chile. Chile.	80,00%
Dragados Inversiones USA, S.L.	Avda. Camino de Santiago, 50 - 28050 Madrid. España.	100,00%
Dragados Ireland Limited	70 Sir John Rogerson's Quay, Dublin 2, D02R296. Dublin. Irlanda.	100,00%
Dragados Obra Civil y Edificac México S.A de C.V.	Oxford 30, Colonia Juárez, CP 06600, Cuautémoc. Ciudad de México, México.	100,00%
Dragados UK Ltd.	Regina House 2Nd Floor, 1-5. Queen Street. EC4N 1SW-London-Reino Unido	100,00%
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
Dycasa, S.A.	Avda.Leandro N.Alem.986 Piso 4º.Buenos Aires Argentina.	66,10%
Gasoductos y Redes Gisca, S.A.	C/ Orense, 6. 2ª Planta 28020 Madrid. España	52,50%
Geocisa UK Ltd.	Chester House, Kennington Park, 1-3 Brixton Road. Londres SW9 6DE. Reino Unido	100,00%
Geocisa USA Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
Geotecnia y Cimientos del Perú, S.A.C.	C/ El Santuario, 140, Dept. 303. Callao. Lima. Perú.	100,00%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. España	100,00%
Gestifisa, S.A. Unipersonal	C/ Orense, 34 1º. 28020 Madrid. España	100,00%
gGrav-can, Inc.	150 King Street West, Suite 2103.Toronto. Toronto. Canadá.	100,00%
gGravity Engineering, S.A.	Av. del Camino de Santiago, 50. 28050. Madrid. España.	100,00%
gGravity, Inc.	810 Seventh Ave. 9th Fl., NY 10019. Nueva York. Estados Unidos.	100,00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
J.F. White Contracting Company	10 Burr Street, Framingham, MA 01701. Estados Unidos.	100,00%
John P. Picone Inc.	31 Garden Lane. Lawrence.NY 11559 Estados Unidos.	100,00%
Lining Precast, LLC .	P.O. Box 12274.Seattle, WA 98102. Estados Unidos.	100,00%
Lucampa, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Polonia	100,00%
Muelle Melbourne & Clark, S.A.	Avenida Tajamar 183, piso 5.Las Condes. Santiago. Chile	50,00%
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
PA CONEX Sp. z.o.o.	Dworska 1, 05-500 (Wólka Kozodawska). Piaseczno. Polonia.	100,00%
PA Wyroby Betonowe Sp. z.o.o.	82-300 Elblag ul. Plk. Dabka 215. Polonia	100,00%
Piques y Túneles, S. A.	Avda. Tajamar 183, piso 5. Las Condes.Santiago de Chile. Chile	49,99%
Polaqua Sp. z o. o.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Polonia.	100,00%
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110.Tampa, FL, 33610. Estados Unidos.	100,00%
Pulice Construction, Inc.	8660 E. Hartford Drive, Suite 305, Scottsdale, AZ 85255. Estados Unidos.	100,00%
Residencial Leonesa, S.A. Unipersonal	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
Schiavone Construction Company	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094 New Jersey. Estados Unidos.	100,00%
Sicsa Rail Transport, S.A.	C/ Orense, 11. 28020 Madrid. España	76,00%
Sussex Realty, LLC.	31 Garden Lane Lawrence, NY 11559. EE.UU.	100,00%
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1 - 19200 Azuqueca de Henares.Guadalajara.España	100,00%
TECO Sp. z.o.o.	51-501 Wroclaw ul. Swojczycka 21-41. Polonia	100,00%
Tecsa Empresa Constructora, S.A.	Plaza Circular Nº 4, planta 5ª. 48001 Bilbao. España.	100,00%
Tedra Australia Pty. L.T.D.	293 Queen Street, Altona, Meadows VIC 3028 - Australia	100,00%
Vias Canadá Inc.	150 King Street West, Suite 2103.Toronto ON, M5H 1J9. Canadá.	100,00%
Vias USA, Inc.	810 7th Avenue, 9th Floor. 10019 Nueva York. Estados Unidos.	100,00%
Vías y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50.. 28050 Madrid. España.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
INFRASTRUCTURES -IRIDIUM (Concessions)		
Iridium Concesiones de Infraestructuras, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100,00%
ACS 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100,00%
ACS BNA GP Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100,00%
ACS BNA Holdco Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100,00%
ACS BNA O&M GP Inc	Suite 2600, Three Bentall Cent 595 Burrard St. P.O. Box 4 Vancouver BC V7X 1L3. Vancouver. Canadá.	100,00%
ACS Crosslinx Maintenance Inc.	550 Burrard Street, 2300, Vancouver, British Columbia. Canad V6C 2B5	100,00%
ACS Crosslinx Partner Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100,00%
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100,00%
ACS Infraestructuras Perú SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Perú.	100,00%
ACS Infrastructuras México, S. R. L. de C. V.	C/ Oxford, 30, Colonia Ju rez, Delegación Cuahtémoc.CP: 06600 México, Distrito Federal. México.	100,00%
ACS Infrastructure Canadá, Inc.	155 University Avenue, Suite 1800,Toronto, Ontario M5H 3B7. Canadá.	100,00%
ACS Infrastructure Development, Inc.	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100,00%
ACS Link 427 Holdings Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100,00%
ACS Link 427 Partner Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100,00%
ACS LINXS Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100,00%
ACS LINXS O&M Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100,00%
ACS Mosaic Transit Partners Holding Inc.	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100,00%
ACS MTP Maintenance INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100,00%
ACS MTP Partner INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100,00%
ACS OLRT Holdings INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100,00%
ACS Portsmouth Holdings, L.L.C.	4301 - B: Lucasville-Minford Rd.Minford. OH 45653. Estados Unidos.	100,00%
ACS RT Maintenance Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100,00%
ACS RTF Holdings Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100,00%
ACS RTF Partner Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100,00%
ACS RTG Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100,00%
ACS SSLG Partner Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100,00%
ACS St. Lawrence Bridge Holding Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100,00%
ACS WEP Holdings, Inc.	1 Germain Street Suite 1500.Saint John NB E2L4V1. Canadá.	100,00%
Angels Flight Development Company, LLC	One Alhambra Plaza Suite 1200, 33134.. Los Ángeles. Estados Unidos.	86,66%
Autovía Medinaceli-Calatayud Soc.Conces.Estado, S.A.	Avda. Camino de Santigo, 50 - 28050 Madrid. España.	100,00%
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100,00%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100,00%
Concesiones de Infraestructuras Chile Dos, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100,00%
Concesiones de Infraestructuras Chile Tres, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100,00%
Concesiones de Infraestructuras Chile Uno S.A.	Avenida Apoquindo 3001 piso 9, Comuna Las Condes. Chile	100,00%
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100,00%
Desarrollo de Concesionarias Viarias Dos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Desarrollo de Concesionarias Viarias Uno, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Desarrollo de Concesiones Ferroviarias, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Desarrollo de Concesiones Hospitalarias de Toledo S.L.	Av. del Camino de Santiago, 50. 28050.. Madrid. España.	100,00%
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra.	100,00%
Dragados Waterford Ireland, Ltd.	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	100,00%
Estacionament Centre Direccional, S.A.	Avenida de la Universitat, s/n. 43206 Reus. Tarragona. España.	100,00%
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes)28002 Madrid. España.	100,00%
FTG O&M Solutions ACS GP Ltd.	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	100,00%
FTG O&M Solutions Limited Partnership	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	75,00%
Iridium Aparcamientos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Iridium Colombia Concesiones Viarias, SAS	Calle 93 No. 12-14, Oficina 602, Código Postal 110221.Bogotá. Colombia.	100,00%
Iridium Colombia Desarrollo de Infraestructuras	Calle 93 No. 12-14, Oficina 602, Código Postal 110221.Bogotá. Colombia.	100,00%
Iridium Portlaoise Ireland Limited	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	100,00%
Operadora Autovia Medinaceli Calatayud, S.L.	Avda Camino de Santigo 50. 28050 Madrid. España.	100,00%
Parking Mérida III, S.A.U.	Avenida Lusitania, 15, 1º, Puerta 7. 06800 Mérida. Badajoz. España.	100,00%
Parking Nou Hospital del Camp, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100,00%
Parking Palau de Fires, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100,00%
Soc Conc Nuevo Complejo Fronterizo Los Libertadore	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	100,00%
INFRASTRUCTURES - Hochtief		
Hochtief Aktiengesellschaft	Essen, Alemania	52,23%
Beggen PropCo Sàrl	Luxemburgo, Luxemburgo	52,23%
Builders Direct SA	Luxemburgo, Luxemburgo	52,23%
Builders Insurance Holdings S.A.	Steinfort, Luxemburgo	52,23%
Builders Reinsurance S.A.	Luxemburgo, Luxemburgo	52,23%
Eurafrica Baugesellschaft mbH	Essen, Alemania	52,23%
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen, Alemania	52,23%
Independent (Re)insurance Services S.A.	Luxemburgo, Luxemburgo	52,23%
NEXPLORE Technology GmbH	Essen, Alemania	52,23%
NEXPLORE Technology Holding GmbH & Co. KG	Essen, Alemania	52,23%
NEXPLORE Technology Verwaltungs GmbH	Essen, Alemania	52,23%
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo, Luxemburgo	52,23%
Steinfort PropCo Sàrl	Luxemburgo, Luxemburgo	52,23%
Vintage Real Estate HoldCo Sàrl	Luxemburgo, Luxemburgo	52,23%
Hochtief Americas		
Auburndale Company Inc.	Ohio, Estados Unidos	52,23%
Audubon Bridge Constructors	New Roads, Estados Unidos	28,20%
Canadian Borealis Construction Inc.	Alberta, Canadá	40,72%
Canadian Turner Construction Company Ltd.	Toronto, Canadá	52,23%
CB Finco Corporation	Alberta, Canadá	40,72%
CB Resources Corporation	Alberta, Canadá	40,72%
Clark Builders Partnership	Alberta, Canadá	40,72%
E.E. Cruz and Company Inc.	Holmdel, Estados Unidos	52,23%
FECO Equipment	Denver, Estados Unidos	52,23%
Flatiron Construction Corp.	Wilmington, Estados Unidos	52,23%
Flatiron Constructors Canada Ltd.	Vancouver, Canadá	52,23%
Flatiron Constructors Inc.	Wilmington, Estados Unidos	52,23%
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone. Estados Unidos.	31,34%
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canadá	52,23%

Subsidiaries

Company	Registered Office	% Effective Ownership
Flatiron Electric Group	Wilmington, Estados Unidos	52,23%
Flatiron Equipment Company Canada	Calgary, Canadá	52,23%
Flatiron Holding Inc.	Wilmington, Estados Unidos	52,23%
Flatiron Parsons JV	Los Angeles, Estados Unidos	36,56%
Flatiron West Inc.	Wilmington, Estados Unidos	52,23%
Flatiron/Dragados/Sukut JV	Benicia. Estados Unidos.	18,28%
Flatiron/Goodfellow Top Grade JV	Wilmington, Estados Unidos	37,86%
Flatiron/Turner Construction of New York LLC	New York, Estados Unidos	52,23%
Flatiron-Blythe Development Company JV	Firestone, Estados Unidos	36,56%
Flatiron-Branch Civi JV	Broomsfield, Estados Unidos	31,34%
Flatiron-Lane JV	Longmont, Estados Unidos	28,72%
Flatiron-Skanska-Stacy and Witbec JV	San Marcos, Estados Unidos	20,89%
HOCHTIEF Americas GmbH	Essen, Alemania	52,23%
HOCHTIEF Argentina S.A.	Buenos Aires, Argentina	52,23%
HOCHTIEF USA Inc.	Delaware. Estados Unidos	52,23%
Lakeside Alliance	Chicago. Estados Unidos	26,64%
LightHorse Innovation Corporation	Alberta, Canadá	40,72%
Maple Red Insurance Company	Vermont, Estados Unidos	52,23%
Metacon Technology Solutions LLC	Texas, Estados Unidos	52,23%
Mideast Construction Services Inc.	New York. Estados Unidos.	52,23%
OMM Inc.	Plantation, Estados Unidos	52,23%
Real PM Ltd.	Reino Unido	52,23%
Saddleback Constructors	Mission Viejo, Estados Unidos	28,20%
Services Products Buildings Inc.	Ohio, Estados Unidos	52,23%
The Lathrop Company Inc.	Ohio, Estados Unidos	52,23%
The Turner Corporation	Dallas, Estados Unidos	52,23%
Tompkins Builders Inc.	Washington. Estados Unidos	52,23%
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland. Estados Unidos	26,64%
Trans Hudson Brokerage, LLC	Delaware. Estados Unidos.	52,23%
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas, Estados Unidos	33,95%
Turner (East Asia) Pte. Ltd.	Singapur	52,23%
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood. Estados Unidos.	26,11%
Turner Canada Holdings Inc.	New Brunswick, Canadá	52,23%
Turner Canada LLC	New York, Estados Unidos	52,23%
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago, Estados Unidos	26,64%
Turner Clayco Willis Tower JV (Willis Tower)	Chicago, Estados Unidos	26,64%
Turner Construction Company	New York, Estados Unidos	52,23%
Turner Construction Company of Ohio LLC	Ohio, Estados Unidos	52,23%
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany, Estados Unidos	31,34%
Turner Consulting (Thailand) Ltd.	Tailandia	52,23%
Turner Consulting and Management Services Pvt. Ltd.	India	52,22%
Turner International (East Asia) Ltd.	Hongkong	52,23%
Turner International (Hong Kong) Ltd.	Hongkong	52,23%
Turner International (UK) Ltd.	Londres, Reino Unido	52,23%
Turner International Consulting (Thailand) Ltd.	Tailandia	26,11%
Turner International Industries Inc.	New York. Estados Unidos	52,23%
Turner International LLC	New York. Estados Unidos	52,23%
Turner International Malaysia Sdn. Bhd.	Malasia	52,23%
Turner International Professional Services Ltd. (Ireland)	Irlanda	52,23%
Turner International Professional Services, S. de R.L. de C.V.	México	51,70%
Turner International Proje Yonetimi Ltd. Sti.	Turquía	52,23%
Turner International Pte. Ltd.	Singapur	52,23%
Turner International Support Services, S. de R.L. de C.V.	México	51,70%
Turner JLN JV (Lyndhurst Elementary)	Baltimore, Estados Unidos	36,56%
Turner Logistics Canada Ltd.	Toronto, Canadá	52,23%
Turner Logistics LLC	New Jersey. Estados Unidos	52,23%
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	52,22%
Turner Partnership Holdings Inc.	New Brunswick, Canadá	52,23%
Turner Project Management India Pvt. Ltd.	India	52,22%
Turner Regency (Lakewood City Schools)	New York, Estados Unidos	26,64%
Turner Sabinal JV (SAISD 2010 Bond Program)	New York, Estados Unidos	41,78%
Turner Sanorubin JV (Health Alliance)	Albany, Estados Unidos	26,64%
Turner Southeast Europe d.o.o Beograd	Belgrado, Serbia	52,23%
Turner Surety & Insurance Brokerage Inc.	New Jersey, Estados Unidos	52,23%
Turner Vietnam Co. Ltd.	Vietnam	52,23%
Turner/Commercial/Mahogony Triventure (Exelon Baltimore)	Baltimore, Estados Unidos	25,59%
Turner/Con-Real (Terrell High School Academy)	Texas, Estados Unidos	30,29%
Turner/Con-Real (University of Arkansas)	Texas, Estados Unidos	26,64%
Turner/Flatiron JV	San Diego, Estados Unidos	52,23%
Turner/Ozanne (First Energy Stadium Modernization/Huntington Park Garage)	Ohio, Estados Unidos	39,69%
Turner/Ozanne/VAA (Cleveland Convention Center Hotel)	Ohio, Estados Unidos	26,64%
Turner-Flatiron JV (Denver International Airport)	Colorado, Estados Unidos	52,23%
Turner-Kiewit JV (GOAA South Airport)	Florida, Estados Unidos	31,34%
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York, Estados Unidos	31,34%
Turner-PCL JV (LAX Midfield)	New York, Estados Unidos	26,11%
Turner-PCL JV (San Diego Airport)	San Diego, Estados Unidos	26,11%
Turner-SG Contracting (Hartfield Jackson)	Georgia, Estados Unidos	39,17%
Turner-Welty JV (Duke Energy Corp.)	North Carolina, Estados Unidos	31,34%
Universal Construction Company Inc.	Alabama. Estados Unidos.	52,23%
West Coast Rail Constructors	San Marco, Estados Unidos	33,95%

Hochtief Asia Pacific

512 Wickham Street Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
512 Wickham Street Trust	Nueva Gales del Sur, Australia	41,04%
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	41,04%
A.C.N. 151 868 601 Pty. Ltd.	Victoria, Australia	41,04%
Arus Tenang Sdn. Bhd.	Malasia	41,04%
BCJHG Nominees Pty. Ltd.	Victoria, Australia	41,04%
BCJHG Trust	Victoria, Australia	41,04%
BIC Auto Service Centre LLC	Arabia Saudita	18,47%
Bic Contracting Llc.	Emiratos Arabes Unidos	18,47%
BIC Wooden Decor Products Manufactunng (LLC)	Emiratos Arabes Unidos	18,47%
Boggo Road Project Pty. Ltd.	Queensland, Australia	41,04%
Boggo Road Project Trust	Queensland, Australia	41,04%
Broad Construction Pty. Ltd.	Queensland, Australia	41,04%
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	41,04%
Broad Construction Services (WA) Pty. Ltd.	Western Australia, Australia	41,04%
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	41,04%
Building Infrastructure Contracting WLL	Catar	18,47%
CIMIC Admin Services Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
CIMIC Finance (USA) Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%

Subsidiaries

Company	Registered Office	% Effective Ownership
CIMIC Finance Ltd.	Nueva Gales del Sur, Australia	41,04%
CIMIC Group Investments No. 2 Pty. Ltd.	Victoria, Australia	41,04%
CIMIC Group Investments Pty. Ltd.	Victoria, Australia	41,04%
CIMIC Group Ltd.	Victoria, Australia	41,04%
CIMIC Residential Investments Pty. Ltd.	Victoria, Australia	41,04%
CM2A Finance Pty. Ltd.	Victoria, Australia	41,04%
CMENA No. 1 Pty. Ltd.	Victoria, Australia	41,04%
CMENA Pty. Ltd.	Victoria, Australia	41,04%
CPB Contractors (PNG) Ltd.	Papua Nueva Guinea	41,04%
CPB Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
CPB Contractors UGL Engineering JV	Victoria, Australia	41,04%
Curara Pty. Ltd.	Western Australia, Australia	41,04%
D.M.B. Pty. Ltd.	Queensland, Australia	24,21%
Dais Vic Pty. Ltd.	Victoria, Australia	41,04%
Devine Bacchus Marsh Pty. Ltd.	Queensland, Australia	24,21%
Devine Building Management Services Pty. Ltd.	Queensland, Australia	24,21%
Devine Constructions Pty. Ltd.	Queensland, Australia	24,21%
Devine Funds Pty. Ltd.	Victoria, Australia	24,21%
Devine Funds Unit Trust	Queensland, Australia	24,21%
Devine Homes Pty. Ltd.	Queensland, Australia	24,21%
Devine Land Pty. Ltd.	Queensland, Australia	24,21%
Devine Ltd.	Queensland, Australia	24,21%
Devine Management Services Pty. Ltd.	Queensland, Australia	24,21%
Devine Projects (VIC) Pty. Ltd.	Queensland, Australia	24,21%
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	24,21%
Devine SA Land Pty. Ltd.	Queensland, Australia	24,21%
Devine Springwood No. 1 Pty. Ltd.	Nueva Gales del Sur, Australia	24,21%
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	24,21%
DoubleOne 3 Pty. Ltd.	Queensland, Australia	24,21%
EIC Activities Pty. Ltd.	Victoria, Australia	41,04%
EIC Activities Pty. Ltd. (NZ)	Nueva Zelanda	41,04%
Giddens Investment Ltd.	Hongkong	41,04%
Gulf Leighton LLC \ UAE	Emiratos Arabes Unidos	18,47%
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	32,83%
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Victoria, Australia	32,83%
HOCHTIEF Asia Pacific GmbH	Essen, Alemania	52,23%
HOCHTIEF Australia Holdings Ltd.	Sydney, Australia	52,23%
Inspection Testing & Certification Pty. Ltd.	Western Australia, Australia	41,04%
Jarrah Wood Pty. Ltd.	Western Australia, Australia	41,04%
JH ServicesCo Pty. Ltd.	Victoria, Australia	41,04%
JHAS Pty. Ltd.	Victoria, Australia	41,04%
JHI Investment Pty. Ltd.	Victoria, Australia	41,04%
Kings Square Developments Pty. Ltd.	Queensland, Australia	41,04%
Kings Square Developments Unit Trust	Queensland, Australia	41,04%
Legacy JHI Pty. Ltd.	Victoria, Australia	41,04%
Leighton (PNG) Ltd.	Papua Nueva Guinea	41,04%
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Hongkong	41,04%
Leighton Asia Ltd.	Hongkong	41,04%
Leighton Asia Southern Pte. Ltd.	Singapur	41,04%
Leighton Companies Management Group LLC	Emiratos Arabes Unidos	20,11%
Leighton Contracting (Abu Dhabi) LLC	Emiratos Arabes Unidos	18,47%
Leighton Contractors (Asia) Ltd.	Hongkong	41,04%
Leighton Contractors (China) Ltd.	Hongkong	41,04%
Leighton Contractors (Indo-China) Ltd.	Hongkong	41,04%
Leighton Contractors (Laos) Sole Co. Ltd.	Laos	41,04%
Leighton Contractors (Malaysia) Sdn. Bhd.	Malasia	41,04%
Leighton Contractors (Philippines) Inc.	Filipinas	16,41%
Leighton Contractors Asia (Cambodia) Co. Ltd.	Camboya	41,04%
Leighton Contractors Inc.	Estados Unidos	41,04%
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	41,04%
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	41,04%
Leighton Contractors Infrastructure Trust	Victoria, Australia	41,04%
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	41,04%
Leighton Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	41,04%
Leighton Engineering Sdn. Bhd.	Malasia	41,04%
Leighton Equity Incentive Plan Trust	Nueva Gales del Sur, Australia	41,04%
Leighton Foundation Engineering (Asia) Ltd.	Hongkong	41,04%
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	41,04%
Leighton Harbour Trust	Queensland, Australia	41,04%
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	41,04%
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	41,04%
Leighton Holdings Infrastructure Trust	Victoria, Australia	41,04%
Leighton India Contractors Pvt. Ltd.	India	41,04%
Leighton Infrastructure Investments Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Leighton International Ltd.	Cayman Islands, Reino Unido	41,04%
Leighton International Mauritius Holdings Ltd. No. 4	Mauricio	41,04%
Leighton Investments Mauritius Ltd. No. 4	Mauricio	41,04%
Leighton JV	Hongkong	41,04%
Leighton Middle East and Africa (Holding) Ltd.	Cayman Islands, Reino Unido	41,04%
Leighton Middle East Contracting LLC (KSA)	Omán	18,47%
Leighton Middle East LLC (Oman)	Catar	18,47%
Leighton Offshore Eclipse Pte. Ltd.	Singapur	41,04%
Leighton Offshore Faulkner Pte. Ltd.	Singapur	41,04%
Leighton Offshore Mynx Pte. Ltd.	Singapur	41,04%
Leighton Offshore Pte. Ltd.	Singapur	41,04%
Leighton Offshore Sdn. Bhd.	Malasia	41,04%
Leighton Offshore Stealth Pte. Ltd.	Singapur	41,04%
Leighton Portfolio Services Pty. Ltd.	Australian Capital Territory, Australia	41,04%
Leighton Projects Consulting (Shanghai) Ltd.	China	41,04%
Leighton Properties (Brisbane) Pty. Ltd.	Queensland, Australia	41,04%
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	41,04%
Leighton Properties (WA) Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Leighton Properties Pty. Ltd.	Queensland, Australia	41,04%
Leighton Services UAE Co. LLC	Emiratos Arabes Unidos	41,04%
Leighton Superannuation Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Leighton U.S.A. Inc.	Estados Unidos	41,04%
LH Holdings Co. Pty. Ltd.	Victoria, Australia	41,04%
LMENA No. 1 Pty. Ltd.	Victoria, Australia	41,04%
LMENA Pty. Ltd.	Victoria, Australia	41,04%
LNWR Pty. Ltd.	Victoria, Australia	41,04%
LNWR Trust	Nueva Gales del Sur, Australia	41,04%
MTCT Services Pty. Ltd.	Western Australia, Australia	41,04%
Newest Metro Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%

Subsidiaries

Company	Registered Office	% Effective Ownership
Nexus Point Solutions Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Olympic Dam Maintenance Pty. Ltd.	South Australia, Australia	41,04%
Opal Insurance (Singapore) Pte. Ltd.	Singapur	41,04%
Optima Activities Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	41,04%
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	41,04%
Pacific Partnerships Investments Trust	Victoria, Australia	41,04%
Pacific Partnerships Pty. Ltd.	Victoria, Australia	41,04%
Pacific Partnerships Services NZ Ltd.	Nueva Zelandia	41,04%
Pekko Engineers Ltd.	Hongkong	41,04%
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	24,21%
PT Leighton Contractors Indonesia	Indonesia	38,99%
RailFleet Maintenance Services Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Regional Trading Ltd.	Hongkong	41,04%
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	24,21%
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	24,21%
Sedgman Asia Ltd.	Hongkong	41,04%
Sedgman Botswana (Pty.) Ltd.	Botswana	41,04%
Sedgman Canada Ltd.	Canadá	41,04%
Sedgman Chile S.p.a.	Chile	41,04%
Sedgman Consulting Pty. Ltd.	Queensland, Australia	41,04%
Sedgman CPB JV (SCJV)	Queensland, Australia	41,04%
Sedgman Employment Services Pty. Ltd.	Queensland, Australia	41,04%
Sedgman Engineering Technology (Beijing) Co. Ltd.	China	41,04%
Sedgman International Employment Services Pty. Ltd.	Queensland, Australia	41,04%
Sedgman Malaysia Sdn. Bhd.	Malasia	41,04%
Sedgman Mozambique Ltda.	Mozambique	41,04%
Sedgman Operations Employment Services Pty. Ltd.	Queensland, Australia	41,04%
Sedgman Operations Pty. Ltd.	Queensland, Australia	41,04%
Sedgman Projects Employment Services Pty. Ltd.	Queensland, Australia	41,04%
Sedgman Pty. Ltd.	Queensland, Australia	41,04%
Sedgman SAS (Colombia)	Colombia	41,04%
Sedgman South Africa (Proprietary) Ltd.	Sudáfrica	41,04%
Sedgman South Africa Holdings (Proprietary) Ltd.	Sudáfrica	41,04%
Sedgman USA Inc.	Estados Unidos	41,04%
Silverton Group Pty. Ltd.	Western Australia, Australia	41,04%
Sustaining Works Pty. Ltd.	Queensland, Australia	41,04%
Talcliff Pty. Ltd.	Queensland, Australia	24,21%
Tambala Pty. Ltd.	Mauricio	41,04%
Tasconnect Finance Pty. Ltd.	Victoria, Australia	41,04%
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	41,04%
Thai Leighton Ltd.	Tailandia	41,04%
Think Consulting Group Pty. Ltd.	Victoria, Australia	41,04%
Townsville City Project Pty. Ltd.	Nueva Gales del Sur, Australia	32,83%
Townsville City Project Trust	Queensland, Australia	32,83%
Trafalgar EB Pty. Ltd.	Queensland, Australia	24,21%
Trafalgar EB Unit Trust	Queensland, Australia	24,21%
Tribune SB Pty. Ltd.	Queensland, Australia	24,21%
Tribune SB Unit Trust	Queensland, Australia	24,21%
UGL (Asia) Sdn. Bhd.	Malasia	41,04%
UGL (NZ) Ltd.	Nueva Zelandia	41,04%
UGL (Singapore) Pte. Ltd.	Singapur	41,04%
UGL Engineering Pty. Ltd.	Queensland, Australia	41,04%
UGL Engineering Pvt. Ltd.	India	41,04%
UGL Operations and Maintenance (Services) Pty. Ltd.	Queensland, Australia	41,04%
UGL Operations and Maintenance Pty. Ltd.	Victoria, Australia	41,04%
UGL Pty. Ltd.	Western Australia, Australia	41,04%
UGL Rail (North Queensland) Pty. Ltd.	Queensland, Australia	41,04%
UGL Rail Fleet Services Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
UGL Rail Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
UGL Rail Services Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
UGL Regional Linx Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
UGL Resources (Contracting) Pty. Ltd.	Victoria, Australia	41,04%
UGL Resources (Malaysia) Sdn. Bhd.	Malasia	41,04%
UGL Unipart Rail Services Pty. Ltd.	Victoria, Australia	28,73%
UGL Utilities Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
United Goninan Construction Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
United Group Infrastructure (NZ) Ltd.	Nueva Zelanda	41,04%
United Group Infrastructure (Services) Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
United Group International Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
United Group Melbourne Transport Pty. Ltd.	Victoria, Australia	41,04%
United Group Water Projects (Victoria) Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
United Group Water Projects Pty. Ltd.	Victoria, Australia	41,04%
United KG (No. 1) Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
United KG (No. 2) Pty. Ltd.	Victoria, Australia	41,04%
United KG Construction Pty. Ltd.	Australian Capital Territory, Australia	41,04%
United KG Engineering Services Pty. Ltd.	Victoria, Australia	41,04%
United KG Maintenance Pty. Ltd.	Nueva Gales del Sur, Australia	41,04%
Wai Ming M&E Ltd.	Hong Kong	41,04%
Western Port Highway Trust	Victoria, Australia	41,04%

Hochtief Europe

A.L.E.X.-Bau GmbH	Essen, Alemania	52,23%
BePo Hessen Bewirtschaftung GmbH	Essen, Alemania	52,23%
Constructora Cheves S.A.C.	Lima, Peru	33,95%
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Alemania	52,23%
Deutsche Baumanagement GmbH	Essen, Alemania	52,23%
Dicentra Copernicus Roads Sp. z o.o.	Varsovia, Polonia	52,23%
forum am Hirschgarten Nord GmbH & Co. KG	Essen, Alemania	52,23%
forum am Hirschgarten Süd GmbH & Co. KG	Essen, Alemania	52,23%
HOCHTIEF (UK) Construction Ltd.	Swindon, Gran Bretaña	52,23%
HOCHTIEF Bau und Betrieb GmbH	Essen, Alemania	52,23%
HOCHTIEF BePo Hessen GmbH	Essen, Alemania	52,23%
HOCHTIEF Construction Austria GmbH & Co. KG	Viena, Austria	52,23%
HOCHTIEF Construction Chilena Ltda.	Santiago de Chile, Chile	52,23%
HOCHTIEF Construction Management Middle East GmbH	Essen, Alemania	52,23%
HOCHTIEF CZ a.s.	Praga, República Checa	52,23%
HOCHTIEF Development Czech Republic s.r.o.	Praga, República Checa	52,23%
HOCHTIEF Development Hungary Kft.	Budapest, Hungría	52,23%
HOCHTIEF Development Poland Sp. z o.o.	Varsovia, Polonia	52,23%
HOCHTIEF Engineering GmbH	Essen, Alemania	52,23%
HOCHTIEF Infrastructure GmbH	Essen, Alemania	52,23%
HOCHTIEF LINXS Holding LLC	Wilmington, Estados Unidos	52,23%

Subsidiaries

Company	Registered Office	% Effective Ownership
HOCHTIEF OBK Vermietungsgesellschaft mbH	Essen, Alemania	52,23%
HOCHTIEF Offshore Crewing GmbH	Essen, Alemania	52,23%
HOCHTIEF Operators Holding	Wilmington, Estados Unidos	52,23%
HOCHTIEF ÖPP Projektgesellschaft mbH	Essen, Alemania	52,23%
HOCHTIEF Polska S.A.	Varsovia, Polonia	52,23%
HOCHTIEF PPP Europa GmbH	Essen, Alemania	52,23%
HOCHTIEF PPP Operations Austria GmbH	Viena, Austria	52,23%
HOCHTIEF PPP Operations GmbH	Essen, Alemania	52,23%
HOCHTIEF PPP Schulpartner Braunschweig GmbH	Braunschweig, Alemania	52,23%
HOCHTIEF PPP Solutions (Ireland) Ltd.	Dublin, Irlanda	52,23%
HOCHTIEF PPP Solutions (UK) Ltd.	Swindon, Gran Bretaña	52,23%
HOCHTIEF PPP Solutions GmbH	Essen, Alemania	52,23%
HOCHTIEF PPP Solutions Netherlands B.V.	Vianen, Países Bajos	52,23%
HOCHTIEF PPP Solutions North America Inc.	Wilmington, Estados Unidos	52,23%
HOCHTIEF PPP Transport Westeuropa GmbH	Essen, Alemania	52,23%
HOCHTIEF Presidio Holding LLC	Wilmington, Estados Unidos	52,23%
HOCHTIEF Projektentwicklung „Helfmann Park" GmbH & Co. KG	Essen, Alemania	52,23%
HOCHTIEF Projektentwicklung GmbH	Essen, Alemania	52,23%
HOCHTIEF SK s.r.o.	Bratislava, Eslovaquia	52,23%
HOCHTIEF Solutions AG	Essen, Alemania	52,23%
HOCHTIEF Solutions Middle East Qatar W.L.L.	Doha, Qatar	25,59%
HOCHTIEF Solutions Real Estate GmbH	Essen, Alemania	52,23%
HOCHTIEF Solutions Saudi Arabia LLC	Al-Khobar, Arabia Saudí	29,59%
HOCHTIEF Trade Solutions GmbH	Essen, Alemania	52,23%
HOCHTIEF U.S. Holdings LLC	Wilmington, Estados Unidos	52,23%
HOCHTIEF ViCon GmbH	Essen, Alemania	52,23%
HOCHTIEF ViCon Qatar W.L.L.	Doha, Qatar	25,59%
HTP Immo GmbH	Essen, Alemania	52,23%
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Alemania	52,23%
LOFTWERK Eschborn GmbH & Co. KG	Essen, Alemania	52,23%
Maximiliansplatz 13 GmbH & Co. KG	Essen, Alemania	52,23%
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG	Essen, Alemania	52,23%
Perlo Sp. z o.o.	Varsovia, Polonia	52,23%
Project Development Poland 3 B.V.	Amsterdam, Países Bajos	52,23%
Project SP1 Sp. z o.o.	Varsovia, Polonia	52,23%
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG	Essen, Alemania	52,23%
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Alemania	52,23%
Projektgesellschaft Marco Polo Tower GmbH & Co. KG	Hamburg, Alemania	36,56%
Raststätten Betriebs GmbH	Viena, Austria	52,23%
Spiegel-Insel Hamburg GmbH & Co. KG	Essen, Alemania	52,23%
synexs GmbH	Essen, Alemania	52,23%
Tivoli Garden GmbH & Co. KG	Essen, Alemania	52,23%
Tivoli Office GmbH & Co. KG	Essen, Alemania	52,23%
TRINAC GmbH	Essen, Alemania	52,23%
TRINAC Polska Sp. z o.o.	Varsovia, Polonia	52,23%
INDUSTRIAL SERVICES		
ACS Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
ACS industrial Services, LLC.	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. Estados Unidos.	100,00%
ACS Perú	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua, Callao	100,00%
ACS Servicios Comunicac y Energía de México SA CV	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 93 nº 11A, OFC203 . Bogotá. Colombia.	100,00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad. Guatemala	100,00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avda. Amazonas 3459-159 e Iñaquito Edificio Torre Marfil. Oficina 101. Ecuador	100,00%
Actividades y Servicios, S.A.	Araoz, 1051. Caba. Argentina.	100,00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
Alabastro Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Albatros Logistic, Maroc, S.A.	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10 Casablanca.Marruecos	75,00%
Albatros Logistic, S.A.	C/ Franklin 15 P.I. San Marcos 28906 Getafe. Madrid. España.	100,00%
Alcañiz Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Aldebarán S.M.E., S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Alfrani, S.L.	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. España.	100,00%
Algarmo S.R.L.	Via Uberto Visconti Di Modrone 3.Milan. Italia.	100,00%
Alianz Petroleum S de RL de CV	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Andarrios	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal	100,00%
API Fabricación, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
API Movilidad, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Area de Agra	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Arenas Fotovoltaico Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Arenas Solar, S.A.	Luis Alberto de Herrera 1052, Oficina 1402. Montevideo. Uruguay.	100,00%
Argencobra, S.A.	Araoz, 1051. Caba. Argentina.	100,00%
Asistencia Offshore, S.A.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. España.	100,00%
ASON Electrónica Aeronautica, S.A.	Cardenal Marcelo Spinola, 10.28016 Madrid. España	100,00%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Audeli, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Avanzia Energia, S.A. de C.V.	Jose Luis Lagrange 103, P 8, Colonia Polanco 1 Seccion, Miguel Hidalgo CP 11510. Méjico D.F.. México.	100,00%
Avanzia Exploración y Producción, S.A. de C.V.	José Luis Lagrange, 103. México DF. México.	100,00%
Avanzia Ingenieria, S. A. de C. V.	C/José Luis Lagrange, 103 - Miguel Hidalgo. México.	100,00%
Avanzia Instalaciones S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia Operaciones S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia Recursos Administrativos, S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia S.A de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia Sistemas, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F. México.	100,00%
Avanzia Soluciones y Movilidad, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F.. México.	100,00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
Belwood Spain, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Biorio, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	74,54%
Bonete Fotovoltaica 1, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Bow Power Invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Bow Power Sudáfrica (Pty) Ltd.	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Brisa Esparsa - Energias Renováveis Unipessoal, Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo.. Oeiras. Portugal.	74,54%
Bruma Energy	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100,00%
Bruma Energy invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Caliza Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Cantarranas Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
CCR Platforming Cangrejera S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	75,00%
Central Solar Termoeléctrica Cáceres, S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Centro de Control Villadiego, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
CIS-WRC, LLC	2800 Post Oak Boulevard Suit 5858.Houston, Texas 77056. Estados Unidos.	53,00%
CM- Construçoes, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brasil CPE 01013-000	74,54%
Cme Angola, S.A.	Av. 4 de Fevereiro, 42.Luanda. Angola.	74,54%
CME Cabo Verde, S.A.	Achada Santo António.Praia. Cabo Verde.	74,54%
CME Perú, S.A.	Av. Víctor Andrés Belaunde 395. San Isidro.Lima.Perú.	74,54%
CME Southern Africa do Sul	Sudáfrica	74,54%
Cobra Asia Pacific PTY Ltda	Level 1, 181 Bay Street Brighton Vic 3186, Australia.	100,00%
Cobra Azerbaiyan LLC	AZ 1065, Yasamal district, Murtuza Muxtarov St. 203 "A", ap 37.. Bakú. Azerbaiyán.	100,00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia	100,00%
Cobra Brasil Construçoes, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brasil.	100,00%
Cobra Brasil Serviços, Comunicaçoes e Energia, S.A.	Avda. Marechal Camera 160, sala 1808.Rio de Janeiro. Brasil.	100,00%
Cobra Chile Servicios S.A.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	100,00%
Cobra Concesiones Brasil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Cobra Cote D'Ivoire Sarl	Rue Cannebiere Residence Santa Maria, Lot 96 section CE P 416 Cocody Danga. Abidjan. Costa de Marfil.	100,00%
Cobra Energy Investment Finance, LLC	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. Estados Unidos.	100,00%
Cobra Energy Investment, LLC.	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. Estados Unidos.	100,00%
Cobra Energy, Ltd	60 Solonos street, Atenas. Grecia	100,00%
Cobra Georgia, Llc.	Old Tbilisi Region, 27/9 Brother Zubalashvili Street. Georgia	100,00%
Cobra Gestión de Infraestructuras, S.A.U	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Gestión Infraestructuras Internacional, S.L.U.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100,00%
Cobra Great Island Limited	160 Shelbourne Road Ballbridge. Dublin. IrlandaIrlanda Dublin.	100,00%
Cobra Industral Services, LLC	Yeda. Arabia Saudita.	100,00%
Cobra Industrial Japan, Co Ltd.	Hulic, New shinbashi, 602 2 -11 - 10, shinbashi, minato-ku. Tokio.Japon	100,00%
Cobra Industrial Services Pty	15 alice Lane 9 floor. Morningside Gauteng 2196 Johannesburgo. Sudáfrica.	100,00%
Cobra Industrial Services, Inc.	3511 Silverside road.Wilmington Delaware. Estados Unidos.	100,00%
Cobra Infraestructuras Hidraúlicas Peru, S.A.	Av. Amador Merino Reyna.. Lima. Perú.	100,00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Infraestructuras Internacional, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Instalaciones y Servicios India PVT	1rst Floor, Malhan One, Sunlight Colony, Ashram. India	100,00%
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Instalaciones y Servicios Malaysia SDN BHD	Jalan Bangsar Utama,1 5900. Kuala Lumpur. Malasia.	100,00%
Cobra Instalaciones y Servicios República Dominicana	Av. Gustavo Mejia Ricart, esq. Abraham Lincoln 102, Piso 10 (Local 1002), Piantini, Santo Domingo.	100,00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Instalaçoes y Servicios, Ltda.	Rua Uruguai, 35, Porto Alegre, Rio Grande do Sul. Brasil.	100,00%
Cobra Msa Ltd.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	100,00%
Cobra Oil & Gas, S.L.U.	Cardenal Marcelo Spínola, 8 1º dcha. 28016. Madrid. España.	100,00%
Cobra Perú, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100,00%
Cobra Proyectos Singulares, S.A.	Araoz, 1051. Caba. Argentina	100,00%
Cobra Railways UK Limited	Vintage Yard 59-63 Bermondsey Street. Londres. Reino Unido.	100,00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Cobra Sweden AB	Norrtullsgatan 6. Estocolmo. Suecia.	100,00%
Cobra Tedagua Contracting LLC	P.O. Box 2991 PC 112 Ruwi. Al-Duqm. Omán.	100,00%
Cobra Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. Estados Unidos.	100,00%
Cobra Wind Intenacional, Ltd	Johnston Carmichael. Dirección: Cashroom, Commerce House, South Street, Elgin IV30 1JE. Escocia	100,00%
Codehon Instalaciones y Servicios S de RL	Colonia Tres Caminos, Boulevard Suyapa, Edificio Florencia 4to Nivel, Cubículo 407, Tegucigalpa , Honduras	100,00%
Cogeneración Cadereyta S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
COICISA Industrial, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	60,00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Residencial Palermo, Pasaje 3, polígono G Casa #4 San Salvador, El Salvador	100,00%
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Marruecos	100,00%
Comercial y Servicios Larco Medellín S.A.	Calle 93 nº 11A, OFC203 . Bogotá. Colombia.	100,00%
Concesionaria Angostura Siguas, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima.Perú	100,00%
Concesionaria Desaladora del Sur, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima.Perú	100,00%
Consorcio Especializado Medio Ambiente, S.A.de C.V	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	60,00%
Consorcio Makim	Calle Bolivar, 270 INT. 501 Urb.Leuro. Lima. Perú.	100,00%
Consorcio Ofiteco Geoandina	Cra 25 N.96 81. Oficina 203.Bogota . Colombia.	60,00%
Consorcio Saneamiento INCA	Avenida Mariscal la Mar, 638. Lima. Perú.	51,00%
Consorcio Santa María	Avenida Mariscal la Mar, 638. Lima. Perú.	99,00%
Consorcio Sice Disico	Cra 25 N.96 81. Oficina 203.Bogota . Colombia.	50,00%
Consorcio Tráfico Urbano de Medellín	Cra 12 Nº 96-81 Of 203. Bogotá. Colombia.	100,00%
Consorcio Tunel del Mar	Cra.12 Nº 96-81 Of. 203.Colombia. Bogotá.	50,00%
Construçao e Manutençao Electromecánica S.A. (CME)	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	74,54%
Construcciones de las Conducciones, S.A.U. (Cotronic)	Avda. de Manoteras. 26 28050 Madrid. España.	100,00%
Constructora Las Pampas de Siguas, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima.Perú	100,00%
Control y Montajes Industriales Cymi Chile, Ltda.	C/Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile.	100,00%
Control y Montajes Industriales CYMI, S.A.	C/Vía de los Poblados 9-11.28033 Madrid. España.	100,00%
Control y Montajes Industriales de Méjico, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
Conyblox Proprietary Limited	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	65,00%
Conyceto Pty Ltd.	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	78,00%
Cosersa, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Crescent Dunes Finance , Inc.	251 Little Falls Drive, Wilmington, Delaware 19808.. County of New Castle. Estados Unidos.	100,00%
Crescent Dunes Investment, LLC	251 Little Falls Drive, Wilmington, Delaware 19808.. County of New Castle. Estados Unidos.	100,00%
Culmore Invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Cuyabenopetro, S.A.	Av. Pampite S/N y Simón Valenzuela, Edificio Yoo, Piso 5, Oficina 517 Quito, Ecuador	100,00%
Cymi Brasil, S.L.	Cardenal Marcelo Spínola, 10 28016 Madrid. Madrid. España.	100,00%
Cymi Canadá. INC.	1920 Yonge Streeet, Suite 272 Toronto, M4S3E2. Ontario. Canadá.	100,00%
Cymi Construçoes e Paticipaçoes, S.A.	Av. Presidente Wilson 231, sala 1701 20030-021 Centro. Rio de Janeiro. Brasil	100,00%
Cymi DK, LLC	1235 North Loop W. Suite 1020 TX 77008. Houston. Estados Unidos	100,00%
Cymi do Brasil, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-021 Centro. Rio de Janeiro. Brasil	100,00%
Cymi Industrial INC.	1235 North Loop W. Suite 1020 TX 77008. Houston. Estados Unidos	100,00%
Cymi Mejico Sc, S.A. de C.V.	José Luis Lagrange, 103 8º. Los Morales.. México DF. México.	100,00%
Cymi Seguridad, S.A.	Avda Manoteras 26 4 planta 28050 Madrid. Madrid. España.	100,00%
Cymi Tech Soluçoes e Sistemas Ltda	Av. Presidente Wilson 231, sala 1701 20030-021 Centro. Rio de Janeiro. Brasil	100,00%
Cymimasa, S.A.	Avda República de El Salvador 1084.. Quito. Ecuador.	100,00%
Dankocom Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	52,00%
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. España	100,00%
Desarrollos Energéticos Asturianos, S.L.	Pol.Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. España.	100,00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid. España	100,00%
Dirdam Luz S.L	C/Vía de los Poblados 9-11.28033. Madrid. España.	55,00%
Donley Invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Dragados Construc. Netherlands, S.A.	Claude Debussylaan 24, 1082 MD Amsterdam. Holanda.	100,00%
Dragados Gulf Construction, Ltda.	P. O Box 3947 Al Khobar 31942. Arabia Saudí.	100,00%
Dragados Industrial , S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Dragados Industrial Algerie S.P.A.	Lotissement Parc Hydra.Rue du Bois 18 Lot 189/7. Hydra-Argel. Argelia.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Dragados Industrial Canadá, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canadá	100,00%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 México D.F.	100,00%
Dragados Offshore USA, Inc.	One Riwerway, Suite 1700.77056 Texas. Houston. Estados Unidos.	100,00%
Dragados Offshore, S.A.	Bajo de la Cabezuela, s/n. 11510 Puerto Real. Cádiz. España	100,00%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 México DF. México.	100,00%
Dunas Solar Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Dyctel infraestructura de Telecomunicaçoes, Ltda.	C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brasil	100,00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. España	100,00%
Ecisa Sice Spa	Av. De Vitacura, 2670. Oficina 702.Las Condes. Santiago de Chile. Chile.	50,00%
Ecocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. España	100,00%
Electren UK Limited	Regina House 1-5 Queen Street.Londres. Reino Unido.	100,00%
Electren USA Inc.	500 Fifth Avenue, 38th floor.Nueva York 10110. Estados Unidos.	100,00%
Electrén, S.A.	Avda. del Brasil, 6. 28020 Madrid. España	100,00%
Electricidad Eleia, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Electromur, S.A.	Carretera del Palmar, nº 530. Murcia. España	100,00%
Electronic Traffic, S.A.	C/ Tres Forques, 147. 46014 Valencia. España	100,00%
Electronic Trafic de México, S.A. de C.V.	Melchor Ocampo 193 Torre C Piso 14D. Veronica Anzures . D.F. 11300. México.	100,00%
Elmocode (Pty) Ltd	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Elmocol (Pty) Ltd	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Elmovert (Pty) Ltd	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Emplogest, S.A.	Rua Alfredo Trinidade, 4 Lisboa. 01649 Portugal	98,21%
Emurtel, S.A.	Carretera del Palmar, nº 530. Murcia. España	100,00%
Enclavamientos y Señalización Ferroviaria Enyse, S.A.U.	C/ de Valportillo II, 8 BIS, Pol. Ind. 28108 Alcobendas. Madrid. España	100,00%
Enelec, S.A.	Av. Marechal Gomes da Costa 27. 1800-255 Lisboa. Portugal	100,00%
Energia e Sust. Do Brasil, S.A.	Avda. Marechal Camera, 160. Rio de Janeiro. Brasil.	100,00%
Energia y Recursos Ambientales de Perú, S.A.	Amador Merino Reyna, 267.Lima. Perú.	100,00%
Energía y Recursos Ambientales Internacional, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Energía y Servicios Dinsa I, S.L.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cádiz. España.	100,00%
Energía y Servicios Dinsa II, S.L.U.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100,00%
Energía y Servicios Dinsa III, S.L.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Energías Renovables Andorranas, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	75,00%
Engemisa Engenharia Limitida	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brasil.	100,00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
Entrepinos Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Eolfi Greater China Co ,Ltd.	N 6, Sec 4, Xinyi Rd, Da An Dist.. Taipei. China.	90,00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
EPC Plantas Fotovoltáicas Lesedi y Letsatsi, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. España	84,78%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo. Pontevedra. España	100,00%
Etra Bonal, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. España	100,00%
Etra Deutschland Gmbh	Königsallee 92 a, D-40212 Düsseldorf. Düsseldorf. Alemania.	100,00%
Etra France S.A.S.	114 Bis Sur Michel Ange. Paris. Francia.	100,00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia	100,00%
Etra Investigación y Desarrollo , S.A.	C/ Tres Forques, 147. 46014 Valencia. España	100,00%
Etrabras Mobilidade e Energia Ltda.	Av. Marechal Camara, 160, Sala 1619. 20020-080 Centro.Rio de Janeiro. Brasil.	100,00%
Etracontrol, S.L.	Av. Manoteras, 28.28050 Madrid. España.	100,00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. España	100,00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalondo. Munguia. Vizcaya. España	100,00%
Fairview Investment, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Fides Acerca Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Fides Facility Services, S.A.	Amador Merino Reyna,267 Oficina 902. Distrito de San Isidro. Lima Perú.	100,00%
Fides Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Fides Hispalia Servicios Generales, S.L.	Astronomia, 1.. 41015 Sevilla.. España.	100,00%
Firefly Investments 261	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	78,00%
Fotovoltaica Alcor Requena, S.L.	Naciones, 10, Planta 0. Madrid. España.	100,00%
Fotovoltaica Casiopea Requena, S.L.	Naciones, 10, Planta 0. Madrid. España.	100,00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. Francia.	100,00%
Geida Beni Saf, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Gercobra GMBH, S.L.	Am Treptower Park 75, 12435 Berlin. Alemania	100,00%
Gerovitae La Guancha, S.A.	C/ Solítica, s/n 38840 La Guancha. Santa Cruz de Tenerife. España.	100,00%
Gestâo de Negocios Internacionais SGPS, S.A.	Rua Rui Teles Palhinha 4 - 3º Lei o 2740-278.Porto Salvo. Portugal.	74,54%
Gestión Inteligente de Cargas, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Grafic Planet Digital, S.A.U.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100,00%
Grazigystix Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	65,00%
Grupo Cobra East Africa Limited	Loita street.P.O. Box 9539. Nairobi. Kenia.	100,00%
Grupo Cobra South Africa Proprietary Limited	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	100,00%
Grupo Imesapi S.L.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Grupo Maessa Saudí Arabia LTD	Khobar -31952 P.O. Box 204. Arabia Saudí	100,00%
Hidalgo Parque Eólico	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100,00%
Hidalgo Parque Eólico Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Hidráulica del Chiriqui, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Hidráulica Río Piedra, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid. España	100,00%
Hidrolazan, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Hiez Hornidurak, Instalazioak eta Zerbitzuak, S.A.	Ctra. Bilbao-Plentzia, 17 Parque A.E.Asuaran, edif.Artxanda.48950 Asua-Erandio. Bizkaia. España.	100,00%
Humiclima Adbidjan	01 BP 5754. Adbijan. Costa de Marfil.	100,00%
Humiclima Barbados, Ltd	Palm Court, 28 Pine Road. Belleville. St Michael. Barbados.	100,00%
Humiclima Caribe Cpor A.Higüey	Avda. Guyacanes s/n .Bavaro. República Dominicana	100,00%
Humiclima Est Benin	Quartier Boulevard Saint Michel, 72. . Benín.	100,00%
Humiclima Est, S.A.	Gran Vía Asima,29. Palma de Mallorca. España.	100,00%
Humiclima Guadalupe, SAS	Chez Buro Club Imm simkel 1 3617 Bal Houelbourg 97122 . Baie Mahault. Guadalupe. Francia.	100,00%
Humiclima Haiti, S.A.	Avda. Guyacanes s/n .Bavaro. República Dominicana (Oficina Humiclima Caribe)	99,98%
Humiclima Jamaica Limited	Shoop #17 & 18 The Soopping Village Half Moon, Rose Hall, Montego Bay. Jamaica	100,00%
Humiclima México, S.A. de C.V.	Carretera Federal Cancún-Tulum, Edificio Terramar Loc, 22,23 y 24 Playa del Carmen, Quintana Roo. México	100,00%
Humiclima Panamá, S.A.	Calle Bella Vista, Edificio Commercial Park, Apartamento D24. Panamá.	100,00%
Humiclima St Lucia, Ltd	Pointe Seraphine Castrie.Santa Lucía.	100,00%
Hummansrus I	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Hummansrus II	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. España	79,63%
Iberoamericana de Hidrocarburos CQ Explorac&Produc S.A.S.	93 11A Capital Park. Bogotá. Colombia.	52,58%
Iberoamericana de Hidrocarburos, S.A. de C.V.	José Luis Lagrange, 103.. Méjico D.F.. México.	87,63%
Iberoamericana Hidrocarb CQ Explorac & Produc, S.A C.V.	José Luis Lagrange, 103.. Méjico D.F.. México.	52,58%
Ictio Solar Orión, S.L.	Cardenal Marcelo Spínola, 10 28016. Madrid. España.	100,00%
Ictio Solar Perseus, S.L.	Cardenal Marcelo Spínola, 10 28016. Madrid. España.	100,00%
Imapex S.A de C.V	José Luis Lagrange, 103. Ciudad de Mexico. México.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
ImesAPI Maroc	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10. Casablanca. Marruecos.	100,00%
Imesapi S.A.C	Calle Arias Araguez.Urb. San Antonio 150122 Miraflores. Lima. Perú.	100,00%
ImesAPI, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
Imsidetra, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F.. México.	55,00%
Ingenieria de Transporte y Distribución de Energía Eléctrica, S.L. (Intradel)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100,00%
Ingweguard Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	60,00%
Initec Energía Ireland, LTD.	Great Island CCGT Project, Great Island, Campile - New Ross - CO. Wexford. Irlanda.	100,00%
Initec Energía Maroc, SARLAU	445, Boulevard Abdeloumen, 3Ème Étage Nº 11 20100. Casablanca. Marruecos.	100,00%
Initec Energía, S.A.	Vía de los Poblados, 11. 28033 Madrid. España.	100,00%
Injar, S.A.	Calle Caramarca, Esq calle Mendoza , Poligono el Sebadal. Santa Cruz de Tenerife. España.	100,00%
Innovantis, S.A.	Av. Rua Vlamir Lenni Nº179 andar 6º .Maputo. Mozambique.	74,54%
Instalacion y mantenimiento de dispositivos, S.A.	Calle Pradillo 48-50. 28002 Madrid. España.	100,00%
Instalaciones de Construción Cobra, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Instalaciones y Servicios Codeni, S.A.	Barrio Largaespada: del portón principal del hospital bautista 1 cuadra abajo, 1 cuadra al sur. Casa esquinera color azul, Managua. Nicaragua	100,00%
Instalaciones y Servicios Codepa, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Instalaciones y Servicios Codeven, C.A.	Avda.S.Fco Miranda. Torre Parque Cristal. Torre Este, planta 8. Oficina 8-10. Chacao. Caracas. Venezuela	100,00%
Instalaciones y Servicios INSERPA, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Instalaciones y Servicios Moscardó I, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Instalaciones y Servicios Moscardó II, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Instalaciones y Servicios Moscardó III, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Instalaciones y Servicios Moscardó IV, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Instalaciones y Servicios Moscardó V, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Instalaciones y Servicios Moscardó, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Instalaciones y Servicios Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Instalaciones y Servicios Uribe Cobra, S.A. de C.V	José Luis Lagrange, 103 piso 8 Los Morales Miguel Hidalgo.México D.F. México.	51,00%
Instalaciones y Servicios Uribe-Cobra Panama, ISUC Panama, S.A.	Calle 50, 23. Ciudad de Panamá. Panamá.	51,00%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. España.	100,00%
Internacional de Pipelines, DAIP, S.L.	C/Vía de los Poblados 9-11.28033 Madrid. España.	100,00%
Istoguard Pty Ltd	323 Lynnwood Road. Menlo Park. Gauteng 0081. Pretoria. Sudáfrica.	60,00%
ISUC Residencial, S.A. de C.V.	José Luis Lagrange, 103. Mexico D.F.. México.	100,00%
Kinkandine Offshore Windfarm Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90,00%
Ladogustix	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Lumicán, S.A.	C/ Agaete Esquina Arbejales s/n. 35010 Las Palmas de Gran Canaria. España	100,00%
Luya Solar Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Maessa France SASU	115, rue Saint Dominique.75007 Paris . Francia.	100,00%
Maessa Naval, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Maetel Construction Japan KK	Habiulu Nishishimbashi Building 4F, 2-35-2 Nishi-Shinbashi, Minato-ku, 105-0003. Tokio. Japón.	100,00%
Maetel Instalaciones y Servicios Industriales S.A.	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. España	99,40%
Maetel Japan KK	Habiulu Nishishimbashi Building 4F, 2-35-2 Nishi-Shinbashi, Minato-ku, 105-0003. Tokio. Japón.	100,00%
Maetel Peru, S.A.C.	Calle Julian Arias Araguez nº250. Lima. Per Lima. Perú.	100,00%
Makiber Belgium	Rue du Commerce 1, boite 143 (Centre Europe) 6000. Charleroi. Bélgica.	100,00%
Makiber Gulf LLC	Al-Sahafa 13321. Riyadh. Arabia Saudí.	100,00%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. España.	100,00%
Manchasol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Mantenimiento y Montajes Industriales, S.A.	Calle Via de los Poblados ,9. 28033.. Madrid. España.	100,00%
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100,00%
Masa Algeciras, S.A.	Avda de los Empresarios S/N. Edif Arttysur Planta 2ª Local, 10.Palmones - Los Barrios. Cádiz. España.	100,00%
Masa do Brasil Manutençao e Montagens Ltda.	Rua Sao Januario n 84. Barrio Sao Cristovao. Rio de Janeiro. Brasil.	100,00%
Masa Galicia, S.A.	Políg. Ind. De la Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. España.	100,00%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva. España.	100,00%
Masa Maroc s.a.r.l.	71 angle Bd. Mohamed V et rue Azilal-Centre d'affaire Contempo 3ème étage 20110. Casablanca. Marruecos.	100,00%
Masa Méjico S.A. de C.V.	Calle Juan Racine N 12 8-Colonia los Morales.. 11510 México DF. México.	100,00%
Masa Norte, S.A.	C/ Ribera de Axpe, 50-3º. 48950 Erandio Las Arenas. Vizcaya. España	100,00%
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4. 13500 Puertollano. Ciudad Real. España	100,00%
Masa Servicios, S.A.	Avda Gran Vía de L'Hospitalet 8-10 5 Planta.08902 L'Hospitalet de Llobregat. Barcelona. España.	100,00%
Masa Tenerife, S.A.	Pº Milicias de Garachico nº1 8ªplanta of. 84A. Edificio Hamilton.38002 Santa Cruz de Tenerife. España.	100,00%
Mexicana de Servicios Auxiliares, S.A. de C.V.	Av. Paseo de la Reforma, 404. Piso 15.1502. Colonia Juarez. Delegación Cuauhtemoc. 06600 México D.F. México.	100,00%
Mexsemi, S.A. de C.V.	General Mariano Escobedo 510,piso 6 ofcna 602, México DF	99,99%
Midasco, Llc.	7121 Dorsey Run Road Elkrige.Maryland 21075-6884. Estados Unidos.	100,00%
Mochis PV	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100,00%
Mochis PV Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Monclova Pirineos Gas, S. A. de C. V.	José Luis Lagrange, 103. México D.F.. México.	69,45%
Moncobra Constructie si Instalare, S.R.L.	Strada Henry Ford nr 29, 200745 Craiova. Rumanía	100,00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- Zl de Jarry97122 Baie Mahault. Guadalupe	100,00%
Moncobra France SAS	Central Ccg Landivisiau Zone du Vern Rue du Ponant 29400. Landivisiau. Francia.	100,00%
Moncobra Perú	Calle Amador Merino Reyna Nro 267 - Interior 902 - San Isidro - Lima, Perú	100,00%
Moncobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga. España	100,00%
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dchra. 33402 Avilés. Asturias. España	50,00%
Moyano Maroc SRALU	269 8D Zertouni Etg 5 Appt 1.Casablanca. Marruecos.	100,00%
Moyano Telsa Sistemas Radiantes y de Telecomunicaciones, S.A.	C/ De La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. España.	100,00%
Mundo Nuevo DV, S.A. de C.V.	Avenida Acueducto 2100 2D-B interior 4, 44660 colinas de San Javier. Guadalajara. México.	50,00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. España	100,00%
Navabuena	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
New Generation Sistems, S.R.L.	139, rue Simone Signoret - Tournezy II.34070 Motpellier . Francia	74,54%
OCP Perú	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua, Callao. Perú.	100,00%
Odelga Medical Engineering GmbH	Frankgasse 4 Top 20, 1090.. Viena. Austria.	100,00%
Offshore Wind Limited	St Peter´s Square, 1. Manchester. Reino Unido.	81,00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Sepúlveda 6. 28108 Alcobendas. Madrid. España.	100,00%
Ofiteco-Gabi Shoef	34 Nahal Hayarkon St., Yavne, Israel. Yavne. Israel.	50,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Oilserv S.A.P.I. de C.V.	José Luis Lagrange, 103.. Méjico D.F.. México.	34,72%
OKS, Lda.	Rua Rui Teles palhinha n.º4.Leião. Portugal.	74,54%
Opade Organización y Promoción de Actividades Deportivas, S.A.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Optic1 Powerlines (PTY) LTD	60 Amelia Lane Lanseria Corporate Estate, EXT 46 Lanseria 999. Sudáfrica.	74,54%
Osipass, S.A. de C.V.	Calle Bosque de Cidros, 173. Cuajimalpa de Morelos.. Ciudad de México. México.	50,00%
Overuela Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Palmares Investment, S.L.	Rodríguez Marín, 66 28002. Madrid. España.	100,00%
Pandomix (Pty), Ltd.	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Pandonox (Pty) Ltd	15 Alice Lane, 9th Floor, Towers 15. Gauteng 2198. Johannesburgo. Sudáfrica.	100,00%
Parque Cortado Alto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	51,00%
Parque Eólico Donado, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Parque Eólico La Val, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	51,00%
Parque Eólico Monte das Aguas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	60,00%
Parque Eólico Tadeas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Peaker Solar, S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Percomex, S.A.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
Petrolíferos Tierra Blanca, S.A. de C.V.	Calle 6 206, Pozarica de Hidalgo. Méjico.	34,72%
Pilot Offshore Renewables Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90,00%
Pintia Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100,00%
Procme Madeira S. A.	Cam Novo Santana 4, 9020-102. Funchal. Portugal.	74,54%
Procme Southern Africa do Sul	PO BOX 151, Lanseria 1748. Joahnesburgo. Sudáfrica.	74,54%
Procme, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	74,54%
Pucela Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
PV II Sigerico, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV III Walia, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV IV Teodoredo, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV IX Gesaleico, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV V Teodorico, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV VI Turismundo, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV VII Eurico, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV VIII Alarico, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV X Amalarico, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XI Theudis, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XII Teudiselo, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XIII Agila, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XIV Atanagildo, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XIX Gundemarro, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XV Liuva, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XVI Leovigildo, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XVII Recaredo, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XVIII Witerico, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XX Sisebuto, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXI Suínthila, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXII Sisenando, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXIII Chintila, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXIV Tulga, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXIX Égica, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXV Chindasvinto, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXVI Recesvinto, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXVII Wamba, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXVIII Ervigio, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXX Witiza, S.L.U	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
PV XXXI Rodrigo, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
Railways Infraestructures Instalac y Servicios LLC	Alameer Sultan Street North, Alnaeem dist. (4), Ahmed Al-Hamoody Street Building no. (8) Jeddah. Arabia Saudí	100,00%
Recursos Administrativos Especializados Avanzia, S.A. C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Recursos Eólicos de México, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Remodelación Diesel Cadereyta, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo.Méjico D.F. Méjico	99,80%
Remodelación el Sauz, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Renovables Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Renovables Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Repotenciación C.T. Manzanillo, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Restel, SAS	Grenoble City Business Center. Grenoble. Francia.	74,54%
Rioparque, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	74,54%
Roura Cevasa México, S.A. de C.V	Calle Oxford, 30, Colonia Juarez, CP 06600, Cuauhtemoc. Ciudad de México. México.	100,00%
Roura Cevasa, S.A.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100,00%
Salam Sice Tech Solutions, Llc.	Salam Tower West Bay P.O. Box 15224 Doha. Qatar.	49,00%
Saltillo FV	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100,00%
Saltillo FV Solar Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Salto Fotovoltaíco Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Salto Solar, S.A.	Luis Alberto de Herrera 1052, Oficina 1402. Montevideo. Uruguay.	100,00%
Sarl Maintenance Cobra Algerie	Rue de Zacar hydra, 21, Argelia	100,00%
Sarl Ofiteco Argelia	Rue du Sahel, 14. Hydra.Argel. Argelia.	49,00%
SAS Controle et Montages Industriels	64 Rue Montgrand. Marseille .13006 Marseille. Francia.	100,00%
Sedmive, C.A. (Sociedad Española Montajes Industriales Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	100,00%
Semi Chile Spa	Nueva de Lyon 72, Oficina 701. Comunidad de Providencia, Santiago de Chile. Chile.	100,00%
Semi El Salvador Limitada de Capital Variable	Final 85 Av. Norte número 912, Colonia Escalón, San Salvador.. San Salvador. El Salvador.	100,00%
Semi Engineering and Construction Corporation	175 SW 7TH ST STE 1712, MIAMI, FL 33130. Miami. Estados Unidos.	100,00%
SEMI Engineering Germany GmbH	Schlüterstr, 17 10625 Berlin. Berlin. Alemania.	100,00%
Semi Ingenieria, S.r.L.	C/ Juan Ballenilla Nº 35. Zona Industrial Herrera, Santo Domingo Oeste. República Dominicana	100,00%
Semi Israel	Jabotinsky Rd. 5. 8th floor. Ramat Gan 52520 Tel Aviv. Israel.	100,00%
Semi Maroc, S.A.	119, Avenue des F.A.R., Espace Sofia , 4º planta. Casablanca. Marruecos.	100,00%
Semi Panamá, S.A.	Edificio Domino, oficina 5. Via España. Panamá.	100,00%
Semi Peru Montajes Industriales S.A.C.	Calle General Recavarren 111, Oficina 303. Miraflores, Lima. Perú.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Semi Procoin Solar Spa	Calle Apoquindo Nº 3001 Piso 9, Region Metropolitana.Santiago De Chile. Chile.	65,00%
Semi Saudí	SEMI Saudí Ground Floor office No: 02 (AL-MARWAH- DIST./7 - Amer Bin Abi Rabeah St.). Jeddah. Arabia Saudí	100,00%
Semiur Montajes Industriales, S.A.	C/ YI 1445 piso 3 of 5. Montevideo. Uruguay.	100,00%
Semona, S.R.L.	C/ Juan Ballenilla Nº 35. Zona Industrial Herrera, Santo Domingo Oeste. República Dominicana	70,00%
Seratype	Worl Trade Centre 3 Rd Floor Cnr of West South Road. Johannnesburgo. Sudáfrica.	52,00%
Sermicro Colombia S.A.S	Calle 100 nº19 61 OF1010. Bogotá D.C. Bogotá. Colombia.	100,00%
Sermicro do Brasil Servicos e Informática Ltda.	Avda. Das Nacoes Unidas nº 12.551 9º e 7º edif. World Trade Center.Brooklin Paulista.Sao Paulo 04578-000 . Brasil. .	100,00%
Sermicro France, S.A.S	Rue Georges Stephenson 78180. Montigny le Bretonneux. Francia.	100,00%
Sermicro Perú S.A.C	Avenida Mariscal la Mar, 638. Lima. Perú.	100,00%
Sermicro, S.A.	C/ Pradillo, 46. 28002 Madrid. España.	100,00%
Serpimex, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 México DF. México.	99,99%
Serpista, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	61,00%
Serveis Catalans, Serveica, S.A.	Ptge Torrent de L'Estadell 1 17 Barcelona. España	100,00%
Servicios Cymimex, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	99,80%
Servicios Integrales Cobra I, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Servicios Integrales Cobra II, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Servicios Integrales Cobra III, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Servicios Integrales Cobra IV, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Servicios Integrales Cobra V, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Servicios Integrales Cobra, S.L.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
Servicios Integrales de Mantenimiento, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficiona 23-C. Ciudad de Panamá. Panamá.	100,00%
Servicios Logísticos y Auxiliares de Occidente, SA	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad 01012. Guatemala	100,00%
Sete Lagoas Transmissora de Energia, Ltda.	Avda. Marechal Camera, 160.Río de Janeiro. Brasil.	100,00%
Setec Soluçoes Energeticas de Transmissao e Controle, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-021 Centro. Rio de Janeiro. Brasil	100,00%
SICE Ardan projects	4, Hagavish Street. Netanya 42101. Netanya. Israel.	51,00%
Sice Canadá, Inc.	100 King Street West, Suite 1600.Toronto On M5X 1G5. Canadá.	100,00%
Sice Energía, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. España	100,00%
SICE Nordics AB	C/o Hellström Advokatbyra KB. Box 7305. 103 90. Estocolmo. Suecia.	100,00%
Sice NZ Limited	Level 4, Corner Kent & Crowhurst Streets, New Market.Auckland, 1149. Australia.	100,00%
SICE PTY, Ltd.	200 Carlisle Street. St kilda. 3182 VIC. Australia.	100,00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, Sudáfrica	100,00%
Sice Tecnología y Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. España	100,00%
Sice Vaan	206 Plot nº 15. Sector 10 Dwarka.. Nueva Delhi. India.	51,00%
SICE, Inc.	14350 NW 56th. Court Unit 105. Miami. 33054 Florida. Estados Unidos.	100,00%
SICE, LLC.	Rublesvkoye Shosse 83/1 121467 Moscu. Rusia	100,00%
Sirbow México S. de R.L. de CV	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100,00%
Sirbow México Serv. Admon	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100,00%
Sirbow Uruguay, S.A.	Luis Alberto de Herrera 1052, Oficina 1402. Montevideo. Uruguay.	100,00%
Sistema Fotovoltaico de Levante, S.A.U.	Tomás Redondo,1 28033. Madrid. España.	100,00%
Sistemas Integrales de Mantenimiento, S.A.	Calle Via de los Poblados ,9. 28033.. Madrid. España.	100,00%
Sistemas Sec, S.A.	C/ Miraflores 383. Santiago de Chile. Chile	51,00%
Small Medium Enterprises Consulting, B.V.	Claude Debussylaan, 44, 1082 MD.Amsterdam. Holanda.	74,54%
Soc Iberica de Construcciones Electricas de Seguridad, S.L.	C/ La Granja 29. 28108 Alcobendas. Madrid. España	100,00%
Sociedad Española de Montajes Industriales, S.A. (SEMI)	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. España.	100,00%
Sociedad Ibéric de Construcciones Eléctricas en Chile, Spa	Cl Dardignac, 160. Recoleta. Santiago de Chile. Chile.	100,00%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. España.	100,00%
Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V.	Paseo de la Reforma, 404. Despacho 1502, Piso 15 Col. Juarez 06600 Delegación Cuauhtemoc México D.F.	100,00%
Sociedad Industrial de Construcciones Eléctricas, S.L., Ltda.	CL 94 NO. 15 32 P 8. Bogot D.C. Colombia.	100,00%
Société Industrielle de Construction Electrique, S.A.R.L.	Espace Porte D Anfa 3 Rue Bab Mansour Imm C 20000 Casa Blanca. Marruecos.	100,00%
Solar Acamar Requena, S.L.	Naciones, 10, Planta 0. Madrid. España.	100,00%
Solar Acrab Requena, S.L.	Naciones, 10, Planta 0. Madrid. España.	100,00%
Solar Merope Requena, S.L.	Naciones, 10, Planta 0. Madrid. España.	100,00%
Solar Oufico Requena, S.L.	Naciones, 10, Planta 0. Madrid. España.	100,00%
Solatio Energia Gestao de Projetos de Belmonte I Ltda.	Rodavia PE-430 Km 23 SN Malhada Grande. Estado de Pernambuco. Sao Jose do Belmonte. Brasil.	100,00%
Solatio Energia Gestao de Projetos de Belmonte II Ltda.	Rodavia PE-430 Km 23 SN Malhada Grande. Estado de Pernambuco. Sao Jose do Belmonte. Brasil.	100,00%
Soluciones Auxiliares de Guatemala, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad 01012. Guatemala	100,00%
Soluciones Eléctricas Auxiliares, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficiona 23-C. Ciudad de Panamá. Panamá.	100,00%
Soluciones Eléctricas Integrales de Guatemala, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad 01012. Guatemala	100,00%
Soluciones logísticas Auxiliares, S.A.	Calle Bella Vista, Edificio Commercial Park, Apartamento D24. Panamá.	100,00%
Spcobra Instalaçoes e Serviços, Ltda.	Avenida Artur de Queirós, 915, Casa Branca, Santo Andre. Brasil	99,99%
Sumipar, S.A.	Carretera de la Santa Creu de Calafell 47 Portal B. 08830 Sant Boi de Llobregat. Barcelona. España.	100,00%
Sunbee I - Energias Renováveis, Unipessoal Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo. Oeiras. Portugal.	100,00%
Sunbee II - Energias Renováveis, Unipessoal Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo. Oeiras. Portugal.	100,00%
Sunbee III - Energias Renováveis, Unipessoal Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo. Oeiras. Portugal.	100,00%
Sunbee IV - Energias Renováveis, Unipessoal Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo. Oeiras. Portugal.	100,00%
Sunbee V - Energias Renováveis, Unipessoal Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo. Oeiras. Portugal.	100,00%
Taburete Solar, S.L.U	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Tacuarembó Fotovoltaico Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Tacuarembó Solar, S.A.	Luis Alberto de Herrera 1052, Oficina 1402. Montevideo. Uruguay.	100,00%
Tahivilla 3 PV, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Tahivilla 4 Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Tahivilla 5 Solar, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Taxway, S.A.	Juncal 1327 D Piso 3, departamento 303.. Uruguay.	100,00%
Tecneira Novas Enerias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	74,54%
Tecneira, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	74,54%
Técnicas de Desalinización de Aguas, S.A.	Cardenal Marcelo Spínola 10.28016 Madrid. España.	100,00%
Tecnicas de Sistemas Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisboa. Portugal	100,00%
Tedagua México, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Tedagua Renovables, S.L.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. España	100,00%
Tedagua Singapore Pte.Ltd.	3 Anson Road 27-01 Springleaf Tower. Singapur 079909. Singapur. Singapur.	100,00%
Telcarrier, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. España.	100,00%
Tesca Ingenieria del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador	100,00%
Tonopah Solar Energy, LLC	2425 Olympic Blvd, suite 500E.Santa Monica, CA 90404. Estados Unidos.	100,00%
Tonopah Solar Investments, LLC.	7380 West Sahara, Suite 160.Las Vegas NV 89117. Estados Unidos.	50,00%
Torocco Wind Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Trabajos de Movilidad S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal	100,00%
Transferable Backlog Proyects, S.L.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-021 Centro. Rio de Janeiro. Brasil	100,00%
Trigeneración Extremeña, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Valdealiño Solar	Cardenal Marcelo Spínola, 4 1ºDcha 28016. Madrid. España.	100,00%
Valdehierro Soalr, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Venelin Colombia SAS	Calle 107 A Nº. 8-22.Bogotá. D.C. Colombia	100,00%
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
Vetra MPG Holdings 2, LLC	José Luis Lagrange, 103. Méjico D.F.. Méjico.	100,00%
Vetra MPG Holdings, LLC	José Luis Lagrange, 103. Méjico D.F.. Méjico.	100,00%
Viabal Manteniment i Conservacio, S.A.	Guerrers, 39. 07141 Marratxi. Islas Baleares. España	100,00%
Vieyra Energía Galega, S.A.	José Luis de Bugallal Marchesi, 20-1 izq. 15008 La Coruña. España.	51,00%
Zero-E Currencies, S.L.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100,00%
Zero-E Dollar Assets, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Zero-E Proyectos Visigodos, S.L.U.	Cardenal Marcelo Spínola,10 28016. Madrid. España.	100,00%
Zero-E Spanish PV 2	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Zero-E Sustainable Solutions, S.A.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
SERVICES		
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. España.	100,00%
Accent Social, S.L.	C/ Josep Ferrater y Mora 2-4 2ª Pl. 08019 - Barcelona. España. Barcelona. España.	100,00%
All Care (GB) Limited	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
Atende Servicios Integrados, S. L.	Avda. República Argentina, 21-Bº 3ª planta Oficina 9 CP 41011 Sevilla. España.	100,00%
Avio Soluciones Integradas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050 Madrid. España.	100,00%
Call-In Homecare Limited	Bonnington Bond (Suite 70), 2 Anderson Pl, EH6 5NP. Edimburgo. Reino Unido.	100,00%
Care Relief Team Limited	13 Hope Street, Crook, Co Durham, England, DL15 9HS. Durham. Reino Unido.	100,00%
Clece Care Services, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	100,00%
Clece Vitam S.A.	Av. Manoteras, 46 Bis 1ª Planta. 28050.. Madrid. España.	100,00%
Clece Vitam, S.A. (Portugal)	Concelho de Oeiras, Lisboa. Lisboa. Portugal.	100,00%
Clece, S.A.	Avda. Manoteras, 46 Bis 2ª Planta. 28050 Madrid. España.	100,00%
Clece, S.A. (Portugal)	Concelho de Oeiras.Lisboa. Portugal.	100,00%
Dale Care Ltd.	Hope Street, 13. Crook. Reino Unido.	100,00%
Diamond Quality Care Services Limited	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
Eleva2 Comercializadora S.L.	Avenida de Manoteras. 46 BIS 2 Planta 2. 28050 Madrid. España.	100,00%
Enequip Serveis Integrals S.L.	C/ Calçat, 6 1ª Planta Edificio Tolero 07011 - Palma de Mallorca España	100,00%
Familia Concilia Servicios para el Hogar S.L.	Avda. Manoteras, 46 Bis.28050 - Madrid. España.	100,00%
Hartwig Care Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
HazelHead Home Care Limited	Bonnington Bond (Suite 70), 2 Anderson Pl, EH6 5NP. Edimburgo. Reino Unido.	100,00%
Heath Lodge Care Services, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Hounslow. Reino Unido.	100,00%
Homecarers (Liverpool) Limited	8 Childwall Valley Road. Liverpool. Reino Unido.	100,00%
Ideal Complex Care, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
Inserlimp Soluciones S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Formación Laboral y Profesional, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Manteniment Gestio I Serveis Integrats Centre Especial D'Ocupacio Illes Balears, S.L. Unipersonal	Pare Frances Molina, 33 CP 07003. Palma de Mallorca 07008 Illes Balears. España.	100,00%
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	C/ Ramón Turró, 71 Bajo. 08005 Barcelona.España	100,00%
Integra Mantenimiento, Gestión Y Servicios Integrados Centro Especial de Empleo Andalucia, S.L.	Polígono Industrial PISA C/ Industria, 1 -Edif. Metropoli I Pta.2ª Mod 15-16 CP 41927 Mairena de Aljarafe. Sevilla. España	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Avda. Cataluña, 20, 1ª planta, oficina7, CP15570, Narón. A Coruña. España	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Murcia, S.L.	Avda. Abenarabi, 28, Torre Damasco, oficina 3, CP 30008.. Murcia. España.	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	C/ Músico José orti Soriano, 18 Pta. BJ 46900 - Torrent. Valencia. España	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Extremadura Centro Especial de Empleo, S.L.U.	C/ Luis Alvarez Lencero, 3 Edif. Eurodom 5.Badajoz 06011. Extremadura. España.	100,00%
Klemark Espectaculos Teatrales, S.A.	Avda. Landabarri, 4, Leioa. Vizcaya. España.	100,00%
Koala Soluciones Educativas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100,00%
Lauriem Complete Care Limited	Suite B, Cobdown House, London Road Ditton. Aylesford. Reino Unido.	100,00%
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. España	100,00%
Lirecan Servicios Integrales, S.A.	C/ Ignacio Ellacuria Beascoechea, 23-26 Planta 2, Playa del Hombre.Telde. Las Palmas. España.	100,00%
Multiserveis Ndavant, S.L.	C/Josep Ferrater i Mora, 2-4 Barcelona. España.	100,00%
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46 Bis 2ª Planta. 28050 Madrid. España	51,00%
NV Care Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Hounslow. Reino Unido.	100,00%
R & L Healthcare, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
Richmond 1861, S.L.	Avda. Movera, 600.50016 - Zaragoza. España.	100,00%
Samain Servizos a Comunidade, S.A.	Pza. América,1, bloque 1, 1ª Pta, 36211.. Vigo. España.	100,00%
Senior Servicios Integrales, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100,00%
Serveis Educatius Cavall de Cartró, S.L.	C/ Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. España.	100,00%
Serveis Integrals Lafuente, S.L.	Parque Tecnológico C/. Alessandro Volta 2-4-6 Blog 3. 46980 Paterna, Valencia. España.	100,00%
Talher, S.A.	Avda. de Manoteras,46 Bis, 2º Planta 28050 Madrid. España	100,00%
Universal Care Services (UK) Limited	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100,00%
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª Pisua G.48940 Leoia (Bizkaia). España.	100,00%
Zenit Logistics S.A.	Avda. de Manoteras, 46 Bis.28050 Madrid. España.	100,00%

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
INFRASTRUCTURES - DRAGADOS			
Yesa	Cl. Rene Petit, 25 - Yesa	33,33%	13.199
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	33,50%	28.343
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima	35,00%	163.115
Consorcio Hospitalario Lima	Av. Benavides, 768, piso 9 - Miraflores - Lima	49,90%	19.168
Sector 2	Cl. Gran Vía, 53 - Bilbao	85,00%	33.798
Castellbisbal - Martorell	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	100,00%	16.414
HS2 Euston Station	Cl. Moorgate, 155 - Londres	50,00%	45.978
MIV Lote Norte	Cl. Francisco Gervás, 14 - 1ºA - Madrid	100,00%	20.018
Sierrapando	Av. Camino de Santiago, 50 - Madrid	70,00%	20.786
El Regueròn	Cl. General Pardiñas, 15 - Madrid	33,33%	37.088
Hospital de Guadalajara	Av. Camino de Santiago, 50 - Madrid	50,00%	21.297
Embalse de Amudevar	Cl. Antonio Valcarreres, 1 - Zaragoza	26,00%	27.260
Mantenimiento Madrid - Sur Lote 1	Av. Europa 18 - Parque Empresarial la Moraleja - Alcobendas	50,00%	10.743
Txagorritxu	Cl. San Antonio, 15 - Vitoria	45,00%	11.783
MIV Centro	Av. Camino de Santiago, 50 - Madrid	29,00%	17.318
Lote 7 Ram	Cl. Julián Camarillo, 6 - Madrid	35,00%	13.751
Mantenimiento Lote 2 Noroeste	Cl. Federico Echevarría, 1 - León	17,00%	20.204
MIV Noroeste	Cl. Viriato 47 - 3º - Barcelona	5,00%	28.654
Supercemento-Dycasa - Chediack RN7	Capitán General Ramón Freire 2265 - Buenos Aires - Argentina	33,33%	14.822
CPB Dragados Samsung	Level 18, 177 Pacific Hwy, North Sydney NSW 2060. Australia.	30,00%	116.799
Hampton Roads	240 Corporate Blvd., Norfolk, VA 23502	42,00%	201.271
SH-288 Toll Lanes	2636 South Loop West Freeway, 3rd floor, Houston, TX 77054	50,00%	54.757
HSR 2-3	1610 Arden Way, Suite 175, Sacramento, CA 95815	50,00%	374.150
I-16 at I-95 Interchange	20 Martin Court, Savannah, GA 31419	100,00%	22.017
Chesapeake Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100,00%	82.596
Harbor Bridge	500 N. Shoreline Blvd, Suite 500, Corpus Christi, TX 78401	50,00%	186.731
Isabella Lake Dam	2959 Eve Avenue - Lake Isabelle, CA 93240	35,00%	89.607
I2/I69C Interchange	1708 Hughes Landing Blvd, The Woodlands, TX 77380	100,00%	33.405
Automated People Mover	2959 Eve Avenue - Lake Isabelle, CA 93240	20,00%	396.743
3rd Track Constructors	900 Merchants Concourse, Westbury, NY 11590	50,00%	458.947
GCT Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	100,00%	53.199
Skanska Picone 26W-20	75-20 Astoria Blvd, Suite 200, East Elmhurst, NY 11370	35,00%	14.155
Unionport Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	55,00%	45.393
Potomac Yards Constructors	421 E. Route 59, Nanuet, NY 10954	40,00%	41.569
New Bridge Sant Lawrence	2015 Rue Peel, Montreal Quebec H3A 1T8	25,00%	117.653
Eglinton Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4	25,00%	679.954
Link 427	1 Royal Gate Boulevard, Unit G, Woodbridge, ON L4L 8Z7	50,00%	130.685
Cote Vertu EDT GEC Civil SEP	1095 Rue Valets L'Ancienne-Lorette QC G2E 4M7	35,00%	35.612
Ottawa LRT Constructors OLRT Phase II	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3	33,33%	31.849
White Rose SNC-Dragados-Pennecon G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2	40,00%	86.613
REM	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8	24,00%	769.985
Finch - Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9	33,33%	211.387
Gordie Howe - BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9	40,00%	233.613
Site C- Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4	27,50%	256.961
Centennial Expansion Partners	851 Centennial Road, Vancouver, BC V6A 1A3	60,00%	109.601
INFRASTRUCTURES - Hochtief			
ARGE A7 Hamburg-Bordesholm	Hamburg, Germany	70,00%	14.728
ARGE BAUARGE A6 West	Heilbronn, Germany	60,00%	149.116
ARGE Ersatzneubau K30	Hamburg, Germany	75,00%	19.818
ARGE ÖPP BMG Mauerstraße Berlin	Berlin, Germany	50,00%	60.306
ARGE SBT 1.1 Tunnel Gloggnitz	Gloggnitz, Austria	40,00%	86.336
ARGE Tunnel Rastatt	Ötigheim, Germany	50,00%	28.780
ARGE Tunnel Trimberg	Wehretal, Germany	50,00%	14.800
ARGE U-Bahn Nürnberg U3 SW BA 2.2	Nuremberg, Germany	50,00%	23.401
ARGE VE41 Hp Marienhof	Munich, Germany	50,00%	46.038
BAB A100, 16. Bauabschnitt	Berlin, Germany	50,00%	15.896
Citylink	Danderyd, Sweden	50,00%	11.499
CRSH1 – Sydhavn	Copenhagen, Denmark	50,00%	164.754
FHB Plateau GmbH	Hamburg, Germany	50,00%	12.018
London Power Tunnels Phase 2	London, United Kingdom	50,00%	58.107
Praha – Pojezdová dráha TWY+stání OP Jih	Prague, Czech Republic	40,00%	12.219
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart, Germany	40,00%	22.973
ViA15 (A12/A15)	Utrecht, Netherlands	25,00%	45.789
Zuidasdok	Amsterdam, Netherlands	42,50%	32.668
INDUSTRIAL SERVICES			
UTE amazon cpd	Calle jesús, 81 46007 Valencia. España	50,00%	16.983
Avanzia initec valle de méxico	Calle Jose Luis Lagrange , 103 - 11510. Colonia Veronica Anzures. Mejico	1,00%	13.044
UTE mantenimiento ave energía	Avenida de Brasil, 6 . 28016. Madrid	45,55%	16.321
UTE suc. san jose suc. tedagua	Calle Alem Leandro, 855. Buenos Aires. Argentina	50,00%	15.195
Arge moncobra Itercon	Calle Gottesweg, 56 50969 Koln, Alemania	50,00%	10.111
UTE Devas I	Calle General Peron 36 28020 Madrid	33,28%	19.162
UTE Devas Ii	Calle General Peron 36 28020 Madrid	33,28%	18.651
UTE Parques Singulares Lote 2	Calle Embajadores 320 28053 Madrid	50,00%	14.770

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
UTE Luz Madrid Oeste	CL Sepúlveda, 6 28108 Alcobendas (Madrid).	85,01%	21.977
UTE Luz Madrid Centro	CL Sepúlveda, 6 28108 Alcobendas (Madrid).	85,01%	24.181
UTE Pedralba-Ourense	Pz/ Sagrado Corazón de Jesús, 4-2. 48011 Bilbao	50,00%	14.183

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

The main companies included in the scope of consolidation are as follows:

Iridium Hermes Road, S.L.
Offshore Wind Limited
Taif Independent Water Plant
Energia e Sust. Do Brasil, S.A.
LT La Niña, S.A.C.
Zero-E Proyectos Visigodos, S.L.U.
Operadora Caitan Spa
Solar Oufico Requena, S.L.
Solar Merope Requena, S.L.
Fotovoltaica Casiopea Requena, S.L.
Fotovoltaica Alcor Requena, S.L.
Solar Acamar Requena, S.L.
Solar Acrab Requena, S.L.
Pampa Transmissão de Energia, S.A.
Sermicro France, S.A.S
PV XII Teudiselo, S.L.U.
PV XIII Agila, S.L.U.
PV XIV Atanagildo, S.L.U.
PV XV Liuva, S.L.U.
PV XVI Leovigildo, S.L.U.
PV XVII Recaredo, S.L.U.
PV XVIII Witerico, S.L.U.
PV XIX Gundemarro, S.L.U.
PV XX Sisebuto, S.L.U.
PV XXI Suínthila, S.L.U.
PV XXII Sisenando, S.L.U.
PV XXIII Chintila, S.L.U.
PV XXIV Tulga, S.L.U.
PV XXV Chindasvinto, S.L.U.
PV XXVI Recesvinto, S.L.U.
PV XXVII Wamba, S.L.U.
PV XXVIII Ervigio, S.L.U.
PV XXIX Égica, S.L.U.
PV XXX Witiza, S.L.U.
PV XXXI Rodrigo, S.L.U.
Transferable Backlog Proyects, S.L.
ISUC Residencial, S.A. de C.V.
Pekko Engineers Limited
Cm2A Finance Pty Limited
Pulse Partners Agent Pty. Ltd.
GelreGroen Holding B.V.
Turner Smoot JV Hilton Columbus
Turner Smoot JV Columbus Crew
Hidrocaleras, S.L.
PV I Ataúlfo, S.L.U.
PV II Sigerico, S.L.U.
PV III Walia, S.L.U.
PV IV Teodoredo, S.L.U.
PV V Teodorico, S.L.U.
PV VI Turismundo, S.L.U.
PV VII Eurico, S.L.U.
PV VIII Alarico, S.L.U.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

PV IX Gesaleico, S.L.U.
PV X Amalarico, S.L.U.
PV XI Theudis, S.L.U.
Taif Independent Construction Company
Taif Independent O & M
Humiclima Guadalupe, SAS
Canberra Metro Trust
Torrens Connect Pty Ltd
Flatiron/Drill Tech
Turmer Mosites Joint Venture
Turner Source
Moncobra France SAS
Palmares Investment, S.L.
Alcañiz Solar, S.L.U.
Caliza Solar
Navabuena
Pucela Solar
Valdealiño Solar, S.L.U.
Area de Agra
Cantarranas Solar, S.L.U.
Alabastro Solar, S.L.U.
Entrepinos Solar, S.L.U.
Overuela Solar
Pintia Solar
Andarrios, S.L.U.
Mundo Nuevo DV, S.A. de C.V.
Taburete Solar, S.L.U
Sistema Fotovoltaico de Levante, S.A.U.
Hochtief PPP Operations Austria GmbH
Flatiron-Branch Civil, a Joint Ventrue
Branch Civil-Flatiron, a Joint Ventrue
Dragados-Vinci-Flatiron-DCB
Turner/Flatiron JV
Aecom Turner NBA JV
Zonair3D, S.L.
Lauriem Complete Care Limited
Ictio Solar Perseus, S.L.
Ictio Solar Orión, S.L.
Semi Engineering Germany GmbH
Instalaciones y Servicios Moscardó, S.L.U.
Instalaciones y Servicios Moscardó I, S.L.U.
Instalaciones y Servicios Moscardó II, S.L.U.
Instalaciones y Servicios Moscardó III, S.L.U.
Instalaciones y Servicios Moscardó IV, S.L.U.
Instalaciones y Servicios Moscardó V, S.L.U.
Servicios Integrales Cobra, S.L.U.
Servicios Integrales Cobra I, S.L.U.
Servicios Integrales Cobra II, S.L.U.
Servicios Integrales Cobra III, S.L.U.
Servicios Integrales Cobra IV, S.L.U.
Servicios Integrales Cobra V, S.L.U.
Sunbee I - Energias Renováveis, Unipessoal Lda.
Sunbee II - Energias Renováveis, Unipessoal Lda.
Sunbee III - Energias Renováveis, Unipessoal Lda.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Sunbee IV - Energias Renováveis, Unipessoal Lda.
Sunbee V - Energias Renováveis, Unipessoal Lda.
Makiber Belgium
Solatio Energia Gestao De Projetos De Belmonte I Ltda.
Solatio Energia Gestao De Projetos De Belmonte II Ltda.
Crescent Dunes Investment, LLC
Crescent Dunes Finance , Inc.
Cobra Sweden Ab
Sedgman Projects Employment Services Pty Ltd
Leighton Superannuation Pty Ltd.
Ugl Regional Linx Pty Ltd
Canberra Metro Trust
Transmission Gully
Acciona Infrastructure & Cpb Contractors Jv
Adelaide Metro Operations Pty Ltd
Adelaide Metro Operations Pty Ltd
Innovative Asset Solutions Pty Ltd & Ugl Operations And Maintenance (Services) Pty. Ltd.
Acciona Infrastructure & Cpb Contractors Jv
Adelaide Metro Operations Pty Ltd
U-Go Mobility Pty. Ltd.
Thiess Group Holdings Pty Ltd
Raststätten Betriebs Gmbh
Edgital Gmbh
Turner-Flatiron A Joint Venture
Turner Management International Ltd. - Time
Turner – Walsh
Turner Barringer A Joint Venture
Turner-Mckissack Jv Ii A Joint Venture

The main companies no longer included in the scope of consolidation are as follows:

Concesiones Viarias Chile, S.A.
Parque Eólico Buseco, S.L.
Dragados-Swiber Offshore S.A.P.I. de C.V.
Leighton Contractors Asia (Vietnam) Limited
Sedgman Llc
UGL Canada Inc
Thiess Wirlu-Murra JV
Northern Gateway Alliance
Leighton Kumagai Joint Venture (Metrorail)
Southern Gateway Alliance (Mandurah)
Hochtief PPP Solutions Chile Tres Ltda.
Qatar Construction Logistics Trinac W.L.L.
Turner/JGM JV
Tompkins/Ballard JV
Turner/VAA
Turner/Winter
Bonete Fotovoltaica 2, S.L.U.
Bonete Fotovoltaica 3, S.L.U.
Eyra Energías y Recursos Ambientais Lda.
Canberra Metro Pty Ltd1
Wellington Gateway General Partner No.1 Limited2
Wellington Gateway Partnership No.1 Limited2
Hochtief Canada Holding 5 Inc.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Hochtief Boreal Health Partner Inc.
Boreal Health Partnership Inc.
Arge Budynku Gieldy Hochtief Polska Porr Polska S.A. Spólka Jawna
FPS Brunet Inc.
Sociedad Aragonesa de Estaciones Depuradoras, S.A.
Sociedad de Aguas Residuales Pirineos, S.A.
Depuradoras del Bajo Aragón, S.A.
Sice Soc de Inginerie Si Constructii Electrice SRL
PV I Ataúlfo, S.L.U.
MPC Engenharia - Brasil
Helping Hands Of Harrogate Ltd
Fuengirola Fotovoltaica, S.L.
Mentor Receptora De Alarmas, S.A.
Construcciones Dorsa, S.A.
Semi Usa Corporation
Mase Internacional Crl
Doubleone 3 Building Management Services Pty. Ltd.
Devine Springwood No. 3 Pty. Ltd.
United Group Investment Partnership
Access Arterial Nru Finance Pty. Ltd.
Access Arterial Seru Finance Pty. Ltd.
Ausindo Holdings Pte. Ltd.
Fleetco Canada Rentals Ltd.
Fleetco Chile S.P.A.
Fleetco Holdings Pty. Ltd.
Fleetco Management Pty. Ltd.
Fleetco Rentals 2017 Pty. Ltd.
Fleetco Rentals An Pty. Ltd.
Fleetco Rentals Ct Pty. Ltd.
Fleetco Rentals Enzo Pty. Ltd.
Fleetco Rentals Hd Pty. Ltd.
Fleetco Rentals Magni Pty. Ltd.
Fleetco Rentals No. 1 Pty. Ltd.
Fleetco Rentals Omega Pty. Ltd.
Fleetco Rentals Oo Pty. Ltd.
Fleetco Rentals Pty. Ltd.
Fleetco Rentals Rr Pty. Ltd.
Fleetco Rentals Ug Pty. Ltd.
Fleetco Services Pty. Ltd.
Hunter Valley Earthmoving Co. Pty. Ltd.
Hwe Cockatoo Pty. Ltd.
Hwe Mining Pty. Ltd.
Leighton-Lns Jv
Majwe Mining Jv (Proprietary) Ltd.
Oil Sands Employment Ltd.
Pt Thiess Contractors Indonesia
Thiess (Mauritius) Pty. Ltd.
Thiess Africa Investments Pty. Ltd.
Thiess Botswana (Proprietary) Ltd.
Thiess Chile Spa
Thiess Contractors (Malaysia) Sdn. Bhd.
Thiess Contractors (Png) Ltd.
Thiess Contractors Canada Ltd.
Thiess India Pvt. Ltd.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Thiess Khishig Arvin Jv Llc
Thiess Minecs India Pvt. Ltd.
Thiess Mining Canada Ltd.
Thiess Mining Maintenance Pty. Ltd.
Thiess Mongolia Llc
Thiess Mozambique Ltda.
Thiess Nz Ltd.
Thiess Pty. Ltd.
Thiess South Africa Pty. Ltd.
Wood Buffalo Employment Ltd.
Metro Trains Melbourne Pty Ltd
Ppco – Investment In Sahp
Ev Lng Australia Pty. Ltd. & Thiess Pty. Ltd. (Evt Jv)
John Holland – Leighton (South East Asia) Jv
Leighton – John Holland Jv (Lai Chi Kok)
Leighton China State John Holland Jv (City Of Dreams)
N.V. Besix S.A. & Thiess Pty Ltd (Best Jv)
Task Joint Venture (Thiess & Sinclair Knight Merz)
Thiess Balfour Beatty Joint Venture
Thiess Degremont Jv
Thiess Degremont Nacap Joint Venture
Thiess John Holland Joint Venture (Airport Link)
Thiess John Holland Joint Venture (Eastlink)
Thiess Kmc Jv
Cockatoo Mining Pty Ltd
Great Eastern Highway Upgrade
Rtl Jv
Rtl Mining And Earthworks Pty Ltd
Smartreo Pty. Ltd.
Thiess United Group Joint Venture
Hochtief Canada Holding 4 Inc.
Hochtief Sslg Partner Inc.
Raststätten Betriebs Gmbh
Signature On The Saint-Laurent Group G.P.
Hollenfells Re S.A.

INTEGRATED REPORT OF ACS GROUP
2020

www.grupoacs.com

MAIN FIGURES OF THE ACS GROUP

FINANCIAL AND OPERATING DATA

MILLION EURO	2015(2)	2016(2)	2017	2018(3)	2019*	2020
Revenues	33,291.3	31,975.2	34,898.2	36,658.5	39,048.9	34,937.4
Gross operating profit (EBITDA) (1)	2,140.7	2,023.4	2,278.9	2,941.2	3,148.0	2,444.3
Net operating profit (EBIT)	1,420.8	1,445.0	1,626.0	2,049.9	2,125.5	1,479.5
Attributable net profit	725.3	751.0	802.0	915.6	962.0	574.0
Funds from operations	1,794.8	1,376.4	1,863.5	2,321.8	2,378.7	1,173.5
Dividends paid	344.5	326.2	297.2	315.9	485.6	490.1
Net investments/(Divestments)	259.0	-522.9	283.3	1,538.2	1,253.7	304.4
Total assets	35,279.8	33,400.0	31,880.7	35,701.2	39,695.2	37,333.7
Equity	5,197.3	4,967.6	5,164.0	5,990.7	5,506.0	4,275.9
Shareholders´ equity	3,421.0	3,574.3	3,742.9	4,354.6	4,421.1	3,528.5
Non-controlling interests	1,776.3	1,393.2	1,421.1	1,636.1	1,084.9	747.4
Total net debt	2,624.1	1,214.4	153.0	-3.3	53.7	1,819.8
Net debt with recourse	2,083.2	1,012.3	-41.9	-120.0	-87.3	1,730.3
Non recourse financing	540.9	202.0	195.0	116.8	141.0	89.4
Backlog (4)	58,942	66,526	67,082	72,223	77,756	69,226
Number of employees	170,241	176,755	182,269	195,461	190,431	179,539

DATA PER SHARE

EURO	2015	2016	2017	2018(3)	2019	2020
Earnings	2.35	2.44	2.57	2.94	3.13	1.95
Gross dividend*	1.15	1.20	1.38	1.90	1.99	1.68*
Funds from operations	5.16	4.47	5.97	7.46	7.74	3.99
Shareholders´ equity	11.09	11.60	11.99	14.00	14.38	12.01

* 2020 final dividend pending of approval.

STOCK MARKET DATA

	2015	2016	2017	2018	2019	2020
Listed shares	314,664,594	314,664,594	314,664,594	314,664,594	314,664,594	310,664,594
Market capitalization (€ Million)	8,500.5	9,446.2	10,264.4	10,645.1	11,217.8	8,434.5
Year-end closing price	€ 27.02	€ 30.02	€ 32.62	€ 33.83	€ 35.65	€ 27.15
Annual revaluation	-6.75%	11.12%	8.66%	3.71%	5.38%	-23.84%

KEY RATIOS

	2015(2)	2016(2)	2017	2018(3)	2019	2020
Operating margin (EBIT)	4.3%	4.5%	4.7%	5.6%	5.4%	4.2%
Net margin	2.2%	2.3%	2.3%	2.5%	2.5%	1.6%
ROE	20.8%	21.4%	21.9%	22.6%	21.9%	14.4%
Gearing (5)	50.5%	24.4%	3.0%	-0.1%	1.0%	42.6%
Dividend yield	4.3%	4.0%	4.2%	5.6%	5.6%	6.2%

* 2019 restated for BICC using the full consolidation method.

(1) In 2018 - 2020 it includes “Results from Equity Method of operating activities”: the result corresponds to associates (including Abertis’ contribution to the Group) and Joint Ventures which belong to the ordinary activity.

(2) In compliance with IFRS 5, in 2016 Urbaser has been reclassified as discontinued operations as a result of sale, also proceeding to re-express the income statement 2015.

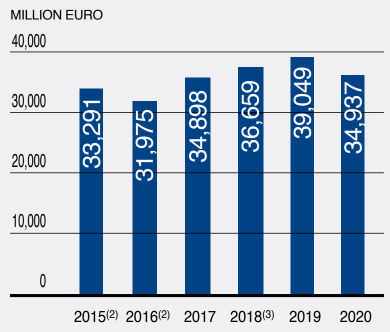
(3) IFRS 16 (Operational Leases) has been applied since January 2019, with restatement of the comparable period.

(4) Includes the backlog proportional to the stake in joint ventures that the group does not fully consolidate.

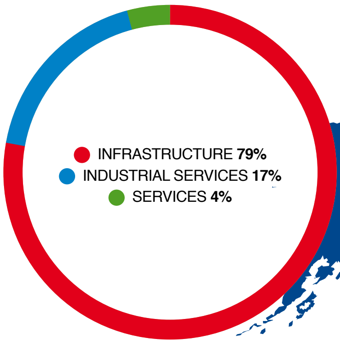
(5) Gearing: Net Debt / (Shareholders´Equity+Minority interests)

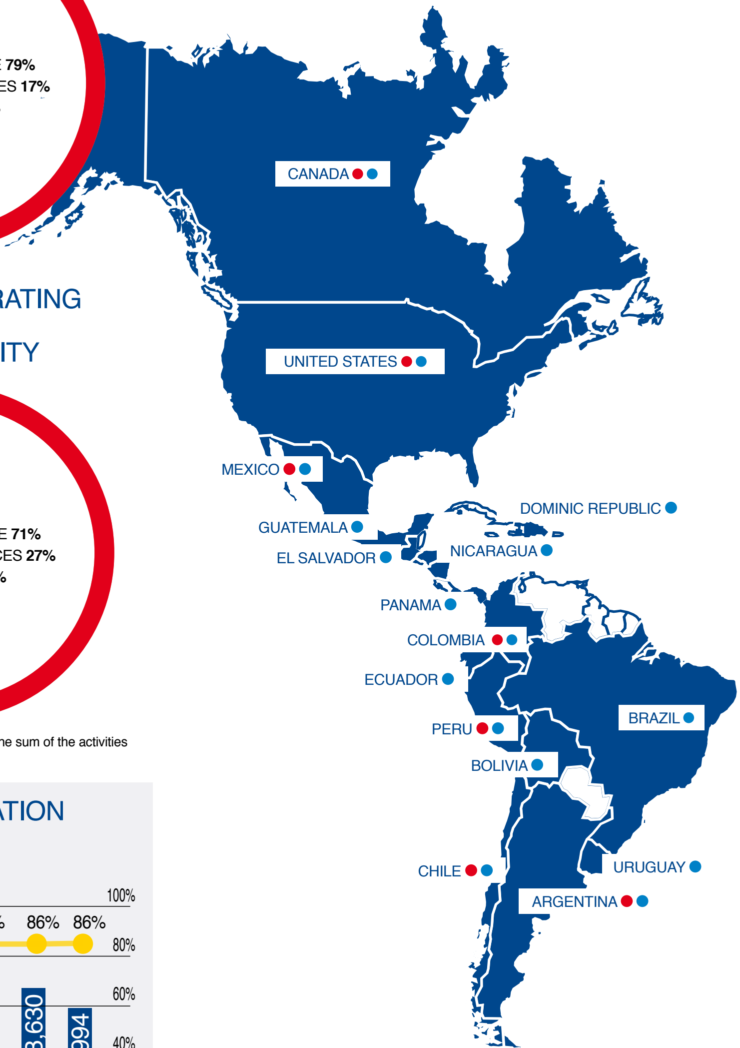
MAIN FIG
THE ACS

TURNOVER

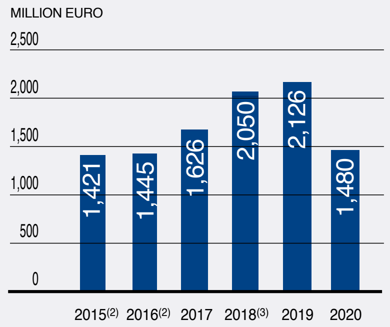


2020 REVENUE BY AREA OF ACTIVITY

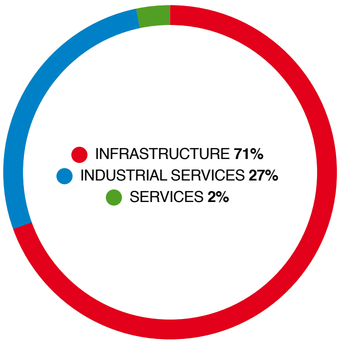




EBIT (1)

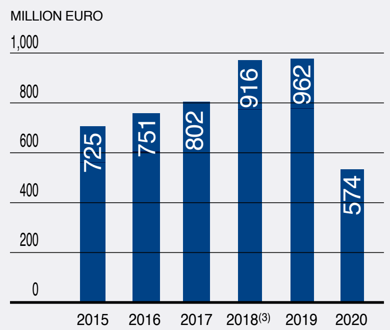


2020 GROSS OPERATING PROFIT (EBITDA) BY AREA OF ACTIVITY

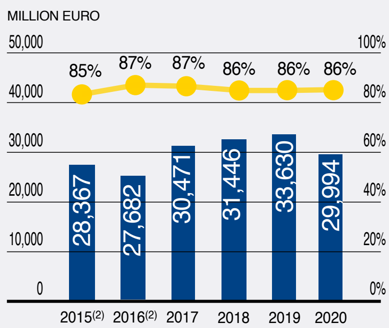


Note:The percentages are calculated on the sum of the activities considered in each graph.

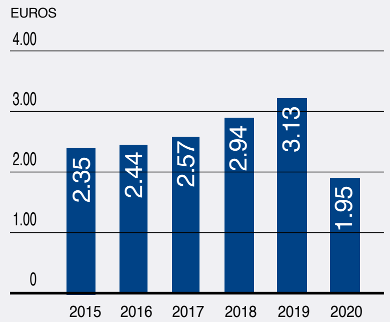
NET PROFIT



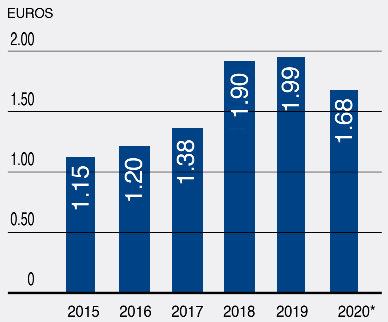
INTERNATIONALIZATION



EARNINGS PER SHARE

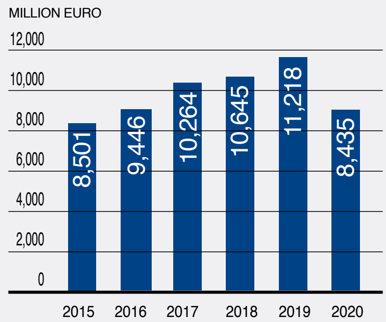


DIVIDEND PER SHARE*



* 2020 final dividend pending of approval.

MARKET CAPITALIZATION

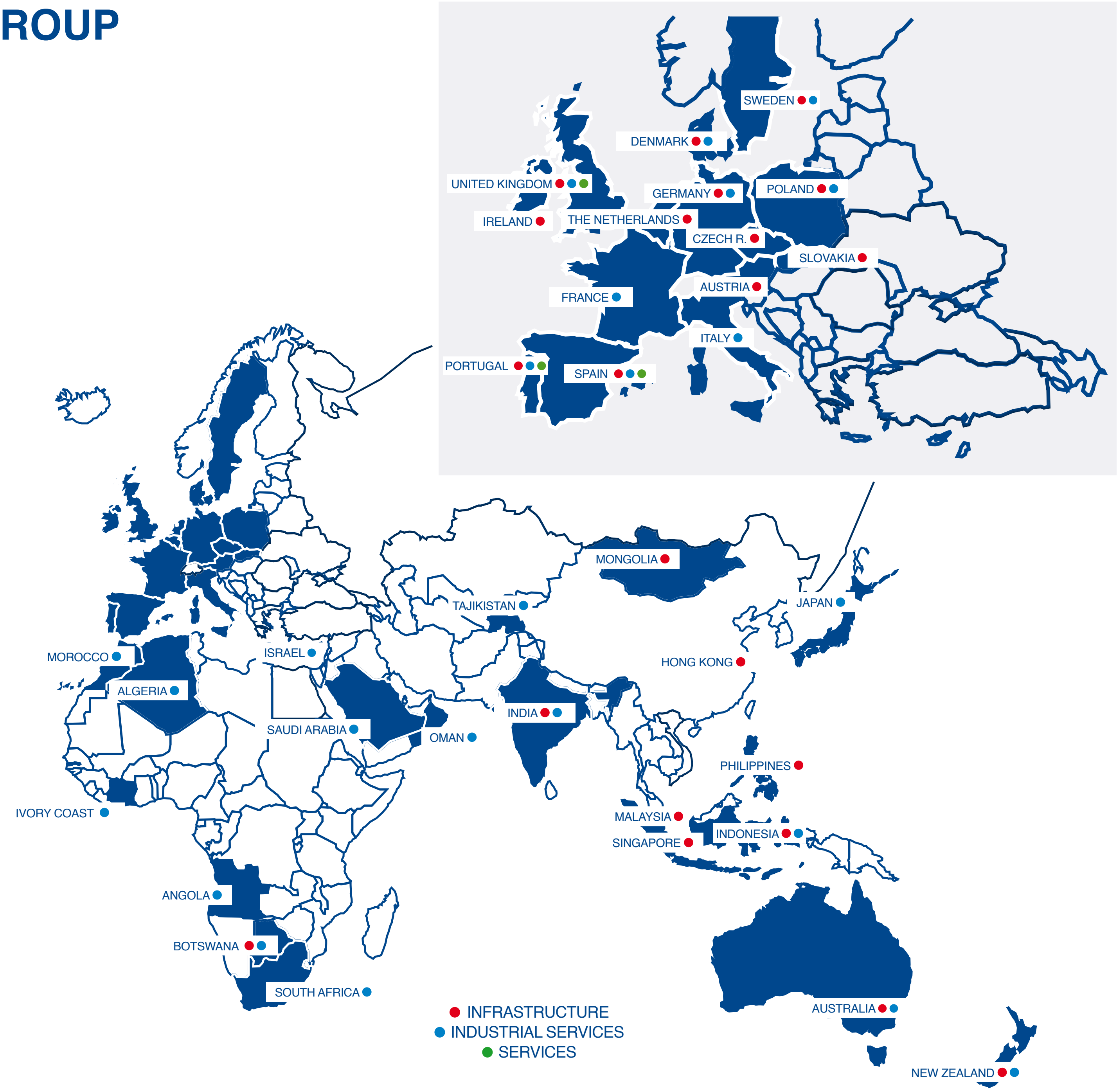


(1) In 2018 - 2020 it includes "Results from Equity Method of operating activities": the result corresponds to associates (including Abertis' contribution to the Group) and Joint Ventures which belong to the ordinary activity.

(2) In compliance with IFRS 5, in 2016 Urbaser has been reclassified as discontinued operations as a result of sale, also proceeding to re-express the income statement 2015.

(3) IFRS 16 (Operational Leases) has been applied since January 2019, with restatement of the comparable period.

URES OF
S GROUP



INFRASTRUCTURE 2020(1)

MILLION EURO	2020
Revenues	27,559
International	*95.0%*
Gross Operating Profit (EBITDA)	1,781
Margin	*6.5%*
Net profit	99
Margin	*0.4%*
Backlog	57,609
Employees	57,597

INDUSTRIAL SERVICES 2020

MILLION EURO	2020
Revenues	5,850
International	*63.0%*
Gross Operating Profit (EBITDA)	661
Margin	*11.3%*
Net profit	312
Margin	*5.3%*
Backlog	8,916
Employees	45,426

SERVICES 2020

MILLION EURO	2020
Revenues	1,555
International	*7.6%*
Gross Operating Profit (EBITDA)	61
Margin	*3.9%*
Net profit	18
Margin	*1.1%*
Backlog	2,701
Employees	76,462

(1) Infrastructure includes Construction activity – Dragados and HOCHTIEF (ex Abertis), and Concessions activity – Iridium and Abertis (both directly and indirectly through HOCHTIEF).

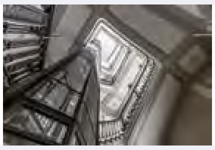
CONSOLIDATED MANAGEMENT REPORT

Point 5 of this Consolidated Management Report includes the Non-Financial Information Report, in accordance with Law 11/2018 of December 28. A summary table that identifies the non-financial and diversity information required by this law can be found in point 5.11.

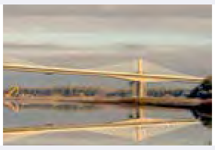
LINKS

WEBSITE

CONSOLIDATED ANNUAL ACCOUNTS



CORPORATE GOVERNANCE REPORT



ANNUAL DIRECTOR'S REMUNERATION

ABOUT THIS REPORT

The Integrated Annual Report is composed of this Consolidated Management Report, which is part of the Annual Corporate Governance Report that is attached by reference and is available on the ACS Group's and National Securities Market Commission's (CNMV) websites, and the Consolidated Financial Statements for the financial year ended December 31, 2020, drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

This Consolidated Management Report has been prepared based on the principle of integration and incorporates the most relevant financial and extra-financial information to show the Group's value generation. The aim is to provide a perspective that allows us to understand, in a concise manner, the company's ability to create value in the short, medium and long term as well as its positioning regarding the risks and opportunities presented by the environment.

To maintain the highest accuracy and transparency, this document has been prepared in accordance with the requirements of international reporting standards:

- The guidelines contained within the framework of the International Integrated Reporting Council (IIRC)[1].

- Non-financial information has been reported in accordance with Global Reporting Initiative (GRI) Standards, including additional applicable information required by the Construction and Real Estate Sector Supplement. This report has been prepared in accordance with the comprehensive options of GRI standards, and the associated contents have been verified by an independent third party under ISAE 3000.

Also taken into account were the requirements of the CNMV's guide for preparing the management report of listed entities, as well as Law 11/2018 on the Disclosure of Non-Financial Information and Diversity Information.

The contents of the report have been selected based on a previous analysis which identified the most relevant issues for the company and its main stakeholders[2].

[102-45]

The report covers all of the ACS Group's activities in all of the countries where it has a presence. In this regard, the published information includes operations carried out by companies under the control of the ACS Group in the areas of Infrastructures, Industrial Services and Services, which are detailed in the Group's Consolidated Financial Statements.

Following the principle of information connectivity, the contents of this report are supplemented by information from other documents published annually by the ACS Group (Corporate Governance Report, Annual Board Remuneration Report and Financial Statements), as well as all of the information and policies published on the company's website.

1 For more information, visit the International Integrated Reporting Council's website at http://integratedreporting.org/

2 For more information on the identification of relevant issues, see Annex 7.2. Identification of relevant issues.

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LETTER FROM THE CHAIRMAN

Dear Shareholder

The ACS Group is fully aware of the impact that the coronavirus pandemic had on the health of individuals, the economies of various countries, and business evolution in 2020. That is why the hard work and commitment demonstrated by our more than 180,000 employees worldwide, who have strived to support our customers, suppliers, and other stakeholders in these trying times, has been so crucial. Each one of them deserves our deepest gratitude and sincere appreciation.

In light of these circumstances, ACS's operating activities performed well: activity in the construction and services areas, considered essential in most countries during lockdown, declined only 5%-10%; in contrast, Abertis experienced a significant decrease in activity due to the sharp drop in daily traffic caused by mobility restrictions in many countries, which in turn precipitated a €280-million drop in its contribution to the Group's net profit.

Consequently, the ACS Group closed the 2020 financial year with a net profit of 574 million euros, a decline of 388 million relative to the previous year. Of this figure, 28 million euros are attributable to non-recurring factors related to our Australian subsidiary, Cimic; 280 million euros are the result of the drop in traffic at Abertis; and 80 million are due to the impact of Covid-19 on other activities, that is, 11.2% relative to 2019. Specifically:

• Construction obtained an ordinary net profit of 322 million euros, down 10% from the previous year;

• Industrial Services earned 312 million euros, down 11%; and

• Social Services—of which I am especially proud given its social work and commitment to the health and wellbeing of the hundreds of thousands of people it serves—obtained a net profit of 18 million.

Portfolio and output evolution, which decreased 3.7% and 5.6% in like-for-like terms, respectively, demonstrates the strength and resilience of our Group, supported by broad international diversification, mainly in more developed economies. The most important markets continue to be the United States, which represents 45% of the Group's total sales, Australia (15%), Spain (14%), the rest of Europe (7%) and Canada (5%).

With regard to recurring operating profit, that is, excluding the impact of Cimic's restructuring process, gross operating profit (EBITDA) totalled 2,571 million euros, while net operating profit (EBIT) hit 1,638 million euros, affected by the lower contribution of Abertis. Among other activities, operating profit fell only 10% relative to the previous year.

It is worth noting the cash generation capacity of the operating activities which, in an extremely difficult year, reached 1,245 million euros. This favourable result has allowed us to continue remunerating our shareholders and investing in new projects for the future, primarily in the areas of renewable energy and infrastructure, as well as increasing our interests in other listed companies. Taken together, total investment has exceeded 1,706 million euros.

At the close of the year, the balance of the Group's net financial debt reached 1,820 million euros, increasing 1,766 million euros, nearly equalling the amount allocated to investments.

In 2020, capital markets reflected the uncertainty triggered by the pandemic, with greater volatility and significant price depreciations. In this environment, ACS shares fell more than 40% in the initial months of the crisis, later recovering to close the year with a 23.8% depreciation, which falls to 18.2% when factoring in the €1.99 per share paid as a dividend.

On 2 October 2020, Vinci submitted a non-binding offer to acquire our Industrial Services division for a value equal to 5,200 million euros. Finally, after arduous negotiations, on 31 March 2021 we reached an agreement, subject to the applicable regulatory conditions, by which we transfer the Industrial Services division, retaining the energy assets in operation and sharing future investments in new renewable energy assets.

We believe it is vital to be able to invest in the assets developed by our current platform, which we know so well and which has a remarkable track record of value creation. This new company will invest in projects that ACS Servicios Industriales promotes in the renewable sphere, which total 25 GW distributed among different technologies and countries.

We will also continue to invest in infrastructure concessions, mainly highways, where there is ample growth potential in the years ahead. It is what we know how to do and what we will continue to do. We are confident that our ability to create value must target those sectors and activities where our extensive experience and resources can be more efficient, in line with our sustainable and profitable growth strategy.

Our commitment to sustainability is strong and unwavering, as demonstrated by the fact that ACS is once again included in the Dow Jones Sustainability World Index. We invariably aim to create value for the whole of society in our activities, initiatives, and investments, taking into account the different stakeholders and focusing on the long term. That is why we are aligned with the UN Sustainable Development Goals, focusing heavily on the fight against climate change, which will distinguish the future 2021-25 Strategic Sustainability Plan currently in the works.

In short, despite the challenges posed by the pandemic, we have good prospects for the coming years. We are well prepared to tackle the great opportunities presented in our sector and we have the best human team to see them through. Rest assured that we will invest all our efforts there and I look forward to telling you about it next year.

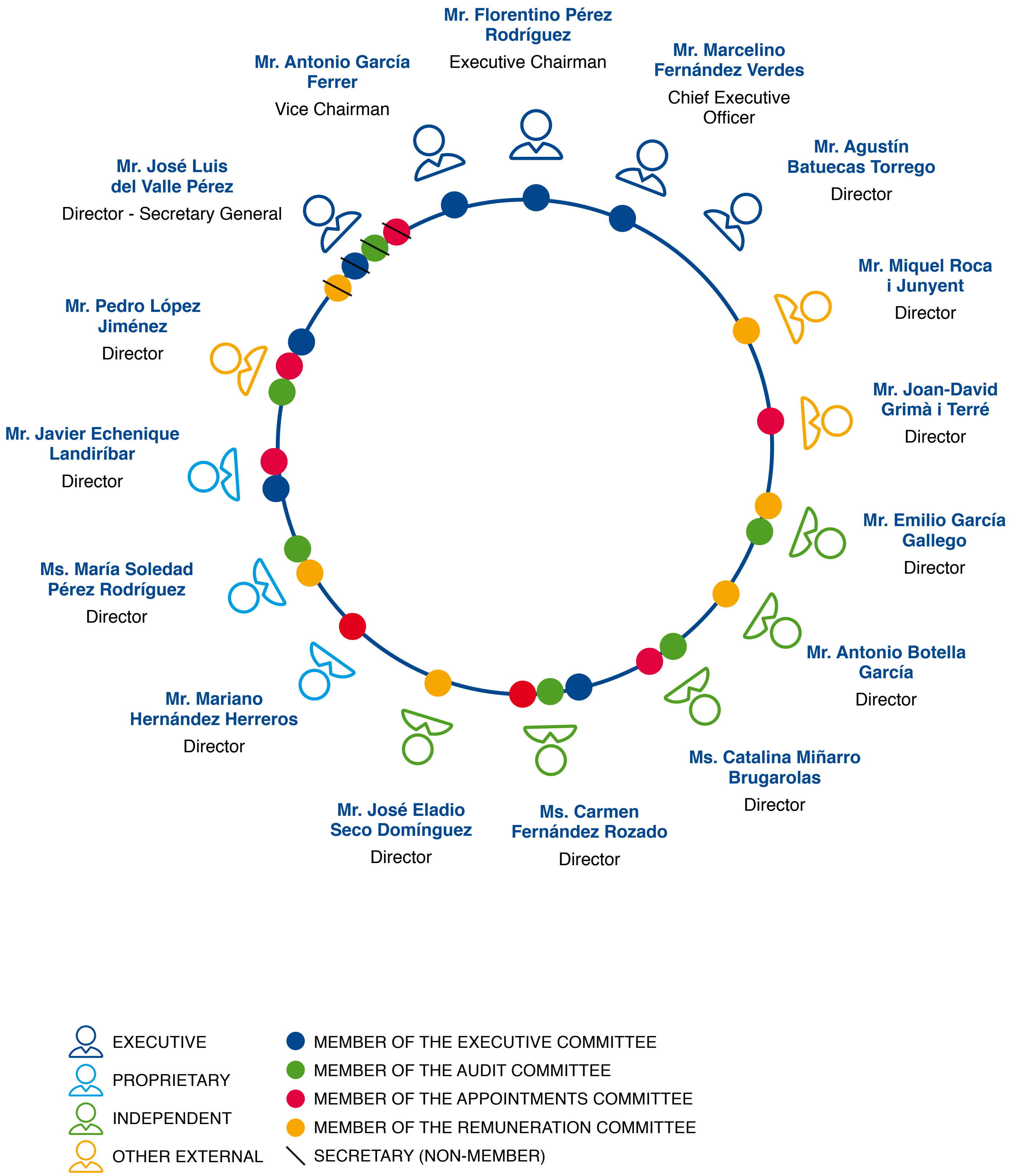
Florentino Pérez
Chairman of the ACS Group

1. GOVERNING BODIES

1.1. BOARD OF DIRECTORS
1.2. MANAGEMENT COMMITTEE
1.3. MANAGEMENT TEAM

©Flatiron

1.1. BOARD OF DIRECTORS



Mr. Florentino Pérez Rodríguez
Executive Chairman
Civil Engineer
Chairman of the ACS Group since 1993
Member of the ACS Group's Board of Directors since 1989

Mr. Marcelino Fernández Verdes
Chief Executive Officer
Civil Engineer
Member of the ACS Group's Board of Directors since 2017
Chairman of HOCHTIEF AG
Chairman of Abertis

Mr. Antonio García Ferrer
Vice Chairman
Civil Engineer
Member of the ACS Group's Board of Directors since 2003

Mr. Agustín Batuecas Torrego
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 1999

Mr. Antonio Botella García
Director
Licenciado en Derecho. Abogado.
Bachelor of Laws. Lawyer
State Lawyer (retired)
Member of the ACS Group's Board of Directors since 2015

Mr. Javier Echenique Landiríbar
Director
Bachelor of Economics
Member of the ACS Group's Board of Directors since 2003
Vice Chairman of Banco Sabadell
Vice Chairman of Telefónica, S.A.
Director of the Ence Group.

Ms. Carmen Fernández Rozado
Director
Bachelor of Economics and Business Administration and in Political Sciences and Sociology.
PhD in Public Finance.
State Treasury Inspector.
Auditor.
Member of the ACS Group's Board of Directors since 2017
Director of Energias de Portugal

Mr. Emilio García Gallego
Director
Civil Engineer and Bachelor of Laws
Member of the ACS Group's Board of Directors since 2014

Mr. Joan-David Grimà i Terré
Director
PhD in Economics and Business Administration
Member of the ACS Group's Board of Directors since 2003

Mr. Mariano Hernández Herreros
Director
Bachelor of Medicine and Surgery
Member of the ACS Group's Board of Directors since 2016

Mr. Pedro López Jiménez
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 1989
Chair of the Supervisory Board, Human Resources Committee and the Appointment Committee at HOCHTIEF
Member of the Board of Directors, Remuneration and Appointments Committee, and Ethics, Compliance and Sustainability Committee at CIMIC
Director and Chairman of the Control and Audit Committee at Abertis

Ms. Catalina Miñarro Brugarolas
Director
Bachelor of Law and State Attorney
Member of the ACS Group's Board of Directors since 2015
Director (2nd Vice Chairwoman and Coordinator) at MAPFRE, S.A.
Member of the Delegate Committee and Chair of the Appointments Committee at MAPFRE, S.A.
Director and Member of the Board of Directors at MAPFRE ESPAÑA, S.A.
Director of MAPFRE INTERNACIONAL, S.A.

Ms. María Soledad Pérez Rodríguez
Director
Bachelor of Science in Chemistry and Pharmacy
Member of the ACS Group's Board of Directors since 2014

Mr. Miquel Roca i Junyent
Director
Lawyer
Member of the ACS Group's Board of Directors since 2003
Director of Endesa
Director of Aguas de Barcelona
Secretary (non-director) of the Board of Directors at Abertis Infraestructuras
Secretary (non-director) of the Board of Directors at Banco de Sabadell
Secretary (non-director) at TYPSA
Secretary (non-director) at WERFENLIFE

Mr. José Eladio Seco Domínguez
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 2016

Mr. José Luis del Valle Pérez
Director - Secretary General
Bachelor of Laws and State Lawyer
Member of the ACS Group's Board of Directors since 1989
Member of the Supervisory Board at HOCHTIEF
Member of the Board of Directors at CIMIC

For further information:
Online access to their biography
www.grupoacs.com

1.2. MANAGEMENT COMMITTEE

Mr. Ángel García Altozano
Managing Director

Born in 1949.
Civil Engineer and MBA.

He began his professional career in the construction sector. He has been Managing Director of the National Institute of Industry (INI) and Chairman of Bankers Trust for Spain and Portugal. He joined the ACS Group in 1997 as Corporate Managing Director, responsible for the economic and financial areas (CFO), corporate development and investee companies.

Mr. José Luis del Valle Pérez
Secretary General

Born in 1950.
Bachelor of Laws and State Attorney

From 1975 to 1983, he served as a member of the Public Administration and was a deputy of the General Courts between 1979 and 1982 and Deputy Secretary of the Ministry of Territorial Administrations. He has been a member of the ACS Group's Board of Directors since 1989, and has also been its Secretary General since 1997.

Mr. Antonio García Ferrer
Vice Chairman

Born in 1945.
Civil Engineer

He began his professional career at Dragados y Construcciones, S.A. in 1970. After holding several positions of responsibility in the construction company, he was appointed Regional Director for Madrid in 1989, Director of Building in 1998, and Managing Director of the Industrial and Services divisions in 2001. In 2002, he became Chairman of Grupo Dragados, S.A. and since December 2003, he has been Vice Chairman of the ACS Group.

Mr. Florentino Pérez Rodríguez
Executive Chairman

Born in 1947. Civil Engineer.

He began his professional career in the private sector. From 1976 to 1983, he held several positions in the Public Administration, where he was the Delegate for Sanitation and the Environment on the Madrid City Council, Managing Sub-Director for the Promotion of the Center for the Development of Industrial Technology (CDTI) of the Ministry of Industry and Energy, Managing Director of Transport Infrastructures of the Ministry of Transport, and Chairman of the National Institute for Agricultural Reform and Development (IRYDA) of the Ministry of Agriculture. In 1983, he returned to the private sector and since 1984 has been the top executive of Construcciones Padrós, S.A., as its Vice Chairman and CEO, and is also one of its main shareholders. Since 1987, he has been the Chairman and CEO of Construcciones Padrós, S.A. Since 1993, he has been the Chairman and CEO of OCP Construcciones S.A., the result of the merger of Construcciones Padrós S.A. and OCISA. Since 1997, he has been Executive Chairman of the ACS Group, the result of the merger of OCP Construcciones S.A., Ginés Navarro, S.A. and Auxini, S.A.

Mr. Marcelino Fernández Verdes
Chief Executive Officer

Born in 1955. Civil Engineer

He joined the Group in 1987, and was appointed Managing Director of OCP Construcciones in 1994. In 1998, he was hired as the Chief Executive Officer of ACS Proyectos, Obras y Construcciones S.A., and in 2000 he was appointed the company's Chairman. In 2004, he was appointed the Chairman and CEO of Dragados, as well as the Director of the Construction division. In 2006, he was appointed Chairman and CEO of ACS Servicios y Concesiones, as well as Director of the Group's Concessions and Environment divisions up until March 2012. In April 2012, he was appointed as a member of the Executive Committee at Hochtief AG and Chair of the Committee in November of that same year, a position he holds to this day. He also assumed responsibility for the HOCHTIEF Asia Pacific division. From March 2014 to October 2016, he was the Chief Executive Officer of CIMIC, belonging to the Australian HOCHTIEF group, and has been the Executive Chairman at CIMIC from June 2014 until November 2020. In May 2017, he was appointed the CEO of ACS Group. In May 2018, he was appointed the Chairman of Abertis.

Mr. Eugenio Llorente Gómez
Chairman and CEO of the Industrial Services division

Born in 1947,
Technical Industrial Engineer,
MBA from Madrid Business School.

He began his professional career at Cobra Instalaciones y Servicios, S.A. in 1973. After holding several management positions, in 1989 he was appointed Director of Zona Centro. He was later promoted to Managing Director in 1998 and to CEO in 2004. He is currently the Chairman and CEO of ACS Servicios, Comunicaciones y Energía.

1.3 MANAGEMENT TEAM

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICES

Mr. Florentino Pérez Rodríguez
Executive Chairman

Mr. Marcelino Fernández Verdes
Chief Executive Officer

Mr. Antonio García Ferrer
Vice Chairman

Mr. Ángel García Altozano
Managing Director

Mr. José Luis del Valle Pérez
Secretary General

Mr. Ángel Muriel Bernal
Deputy General Manager to the CEO

INFRASTRUCTURE

HOCHTIEF

Mr. Marcelino Fernández Verdes
Chairman of Vorstand [1] at Hochtief AG.
Chief Executive Officer

Mr. Peter Sassenfeld
Member of Vorstand [1] at Hochtief AG.
Chief Financial Officer

Mr. José Ignacio Legorburo Escobar
Member of Vorstand [1] at Hochtief AG.
Chief Operating Officer

Mr. Nikolaus Graf von Matuschka
Member of Vorstand [1] at Hochtief AG.
Chief Executive Officer of Hochtief Solutions

Mr. Peter Coenen
Managing Director of Hochtief PPP Solutions

Mr. Juan Santamaría Cases
Executive Chairman and Chief Executive Officer of CIMIC Group

Mr. Ignacio Segura Suriñach
Deputy Chief Executive Officer of CIMIC Group

Mr. Emilio Grande
Chief Financial Officer of CIMIC Group

Mr. Jason Spears
General Manager of CPB Contractors

Mr. Douglas Thompson
General Manager of Sedgman

Mr. Geoff Sewell
General Manager of EIC Activities

Mr. Doug Moss
General Manager of UGL

Mr. Peter Davoren
Chairman and CEO of Turner Construction

Mr. Adolfo Valderas
Chairman and CEO of Flatiron

Mr. Javier Sevilla
Chief Operating Officer of Flatiron

DRAGADOS

Mr. José María Castillo Lacabex
Executive Chairman

Mr. Santiago García Salvador
General Manager

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Ricardo Martín de Bustamante
Civil Works Manager

Mr. Gonzalo Gómez Zamalloa
Building Manager

Mr. José Antonio López-Monís
North America Director

Mr. Ramón Astor Catalán
Iberoamerica Director

Mr. Ricardo García de Jalón
Spain Director

Mr. Federico Conde del Pozo
Europe Director

Mr. José María Aguirre Fernández
Director of Vias

IRIDIUM

Ms. Nuria Haltiwanger
Chief Executive Officer (CEO)

1. Management Committee.

INDUSTRIAL SERVICES

Mr. Eugenio Llorente Gómez
Chairman and CEO

Mr. José María Castillo Lacabex
Chief Executive Officer (CEO) of Cobra

Mr. José Alfonso Nebrera García
General Manager

Mr. Epifanio Lozano Pueyo
Corporate General Manager

Mr. Cristóbal González Wiedmaier
Finance Manager

SERVICES

Mr. Cristóbal Valderas
Chief Executive Officer (CEO) of Clece

2. THE ACS GROUP

2.1. A GLOBAL INFRASTRUCTURE AND SERVICES COMPANY
2.2. WITH A SUCCESS STORY
2.3. BASED ON A CONSOLIDATED CORPORATE STRATEGY THAT CREATES SHARED VALUE
2.4. THAT RESPONDS TO THE CHALLENGES AND OPPORTUNITIES IN THE SECTOR
2.5. WITH EFFICIENT RISK MANAGEMENT


ELISA CORREA
Salida

2.1. A GLOBAL INFRASTRUCTURE AND SERVICES COMPANY

The ACS Group[1] is a global benchmark in construction activities and services, made up of leading companies in an increasingly competitive, demanding and global sector.

ENR THE TOP 250 INTERNATIONAL CONTRACTORS

The Top 250 List

RANK 2020	RANK 2019	FIRM	2019 REVENUE $ MIL. INT'L	2019 REVENUE $ MIL. TOTAL	2019 NEW CONTRACTS $ MIL	GENERAL BUILDING	MANUFACTURING	POWER	WATER SUPPLY	SEWER / WASTE	INDUS. / PETROLEUM	TRANSPORTATION	HAZARDOUS WASTE	TELECOM
1	1	**ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS,** Madrid, Spain†	38,950.3	45,016.0	44,242.0	35	1	7	3	1	7	30	0	5
2	2	**HOCHTIEF AKTIENGESELLSCHAFT,** Essen, Germany†	29,303.0	30,243.0	32,544.0	44	1	2	0	1	4	26	0	6
3	4	**VINCI,** Rueil-Malmaison, France†	24,499.0	54,574.0	24,264.0	6	0	19	2	0	5	40	1	11
4	3	**CHINA COMMUNICATIONS CONSTRUCTION GRP. LTD.,** Beijing, China†	23,303.8	89,506.1	36,564.8	10	2	0	3	3	0	82	0	0
5	6	**BOUYGUES,** Paris, France†	17,142.0	33,225.0	15,476.0	26	1	5	0	0	2	58	1	2
6	5	**STRABAG SE,** Vienna, Austria†	15,659.4	18,668.6	15,821.5	34	0	0	4	2	6	53	0	0
7	7	**POWER CONSTRUCTION CORP. OF CHINA,** Beijing, China†	14,715.9	57,009.3	36,818.0	7	0	63	5	1	1	22	0	0
8	9	**CHINA STATE CONSTRUCTION ENGINEERING CORP.,** Beijing, China†	14,143.3	180,354.6	25,360.4	76	0	2	1	0	1	20	0	0
9	8	**SKANSKA AB,** Stockholm, Sweden†	12,881.3	16,116.4	11,556.5	45	5	5	2	1	3	39	0	0
10	11	**TECHNIPFMC,** London, U.K.†	12,852.2	13,409.0	18,047.8	0	0	0	0	0	100	0	0	0

Source: ENR The top 250 global contractors.

EBITDA 2020	EBIT 2020	NET PROFIT 2020	SALES 2020
2,444 MILLION EURO	**1,480** MILLION EURO	**574** MILLION EURO	**34.937** MILLION EURO
7.0% MARGIN	4.2% MARGIN		

EMPLOYEES
179,539

67.4% EMPLOYEES HAVE A PERMANENT CONTRACT	**96.4%** LOCAL EMPLOYEES	**85.5%** LOCAL SUPPLIERS	**18.9 MN€** INVESTMENT IN SOCIAL ACTION	**25.1 MN€** INVESTMENT IN TRAINING	**2,567,469** TOTAL TEACHING HOURS
58,892 NUMBER OF EMPLOYEES TRAINED IN ETHICS AND COMPLIANCE	**92.0%** EMPLOYEES COVERED BY OHSAS 18001 OR ISO 45001 CERTIFICATION	**92.3%** EMPLOYEES WHO HAVE RECEIVED TRAINING IN HEALTH AND SAFETY DURING THE YEAR	**226 MN€** HEALTH AND SAFETY INVESTMENT	**97.4%** SALES CERTIFIED UNDER ISO 14001 OR OTHER ENVIRONMENTAL CERTIFICATION STANDARDS	**64,246** MW OF RENEWABLE ENERGY CONSUMED

1. Its parent company is ACS, Actividades de Construcción y Servicios S.A., with registered offices in Madrid, Spain.

The highly decentralized structure of the ACS Group enables it to develop its activity through an extensive network of specialized companies that ensure the Group's presence across the entire infrastructure and services business value chain. Through this complex but efficient organization, the companies are managed and operated independently but follow shared guidelines, values and culture. This allows each company to individually provide a multitude of valid and cost-effective management formulas thanks to the multiple factors involved in their decisions, which generate Group-wide knowledge and good practices.

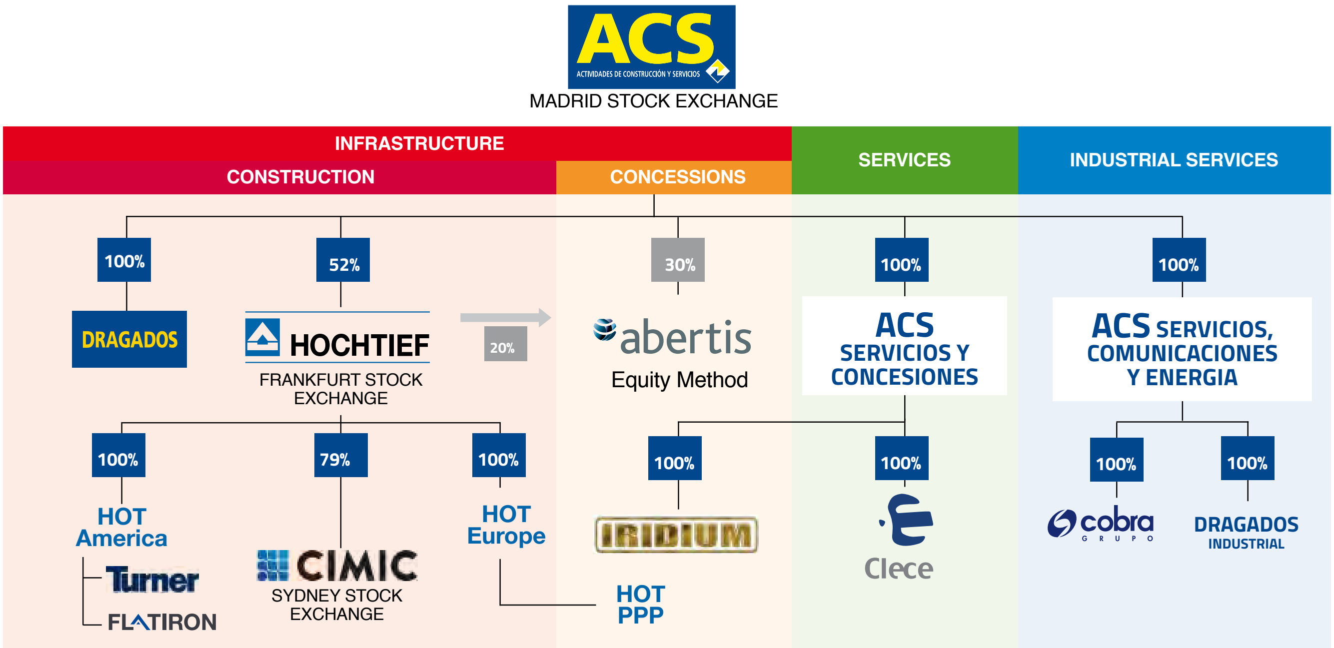
The main areas of activity within the Group are divided into:

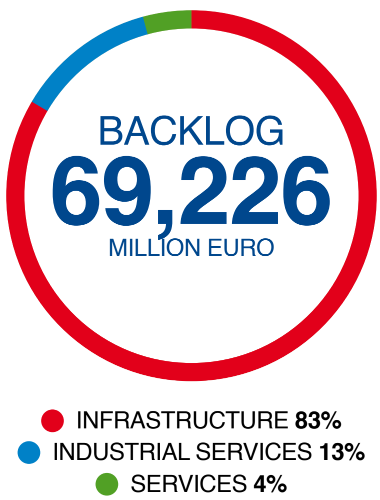
Infrastructure: This encompasses Construction and Concessions activities through the companies Dragados, HOCHTIEF (including CIMIC), Iridium and a holding in Abertis, and is oriented toward the execution of all kinds of civil works and construction projects as well as activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific) and the development and operation of transportation concessions.

The geographical regions with the greatest exposure in this area are North America, Asia Pacific and Europe, operating mainly in developed and secure markets at the geopolitical, macroeconomic and legal levels.

Industrial Services: Focusing on applied industrial engineering, this area carries out construction, operation and maintenance activities in relation to energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area is present in over 50 countries, with a predominant position in the Mexican and Spanish markets although with growth in new Asian and Latin American countries.

Services: This includes the business of Clece, which offers comprehensive maintenance of buildings, public places or organizations, as well as assistance for people. This area is fundamentally based in Spain but also shows incipient growth in the European market.





As a global company, the ACS Group participates in the development of key sectors for the world economy and it is also committed to the economic and social progress of the countries in which it is present. Through its various areas of activity, the Group's international presence spans more than 50 countries worldwide.

The ACS Group is a company committed to the economic and social progress of the countries where it has a presence. All the Group's activities are distinctly **focused on the customer**, in the spirit of service and acting as a guarantee for the future, developing a solid, long-term relationship of **trust** based on mutual understanding.

The Group's flexible and decentralized organization promotes employee responsibility and initiative, which is a basic tool for generating the maximum **profitability** and for ensuring the **excellence** needed to offer the best services and products to customers.

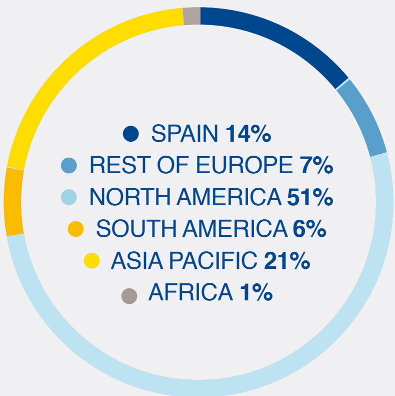
The Group upholds an undeniable commitment to **sustainable development**, serving society in an efficient and **ethically responsible** way through its ability to generate value for the company and all of its stakeholders, demanding the highest standards of **integrity** from its employees and collaborators.

These values, which have been part of the Group's culture since its inception, have generated the main competitive advantages that are the basis of past and future growth.

SALES

34,937

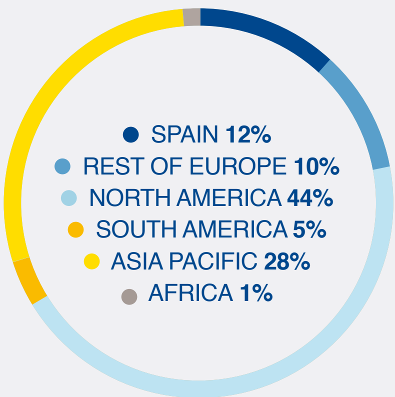
MILLION EURO



BACKLOG

69,226

MILLION EURO



MAIN MARKETS IN WHICH THE ACS GROUP OPERATES THROUGH ITS ACTIVITY AREAS

ACS GROUP VALUES

- PROFITABILITY
- SUSTAINABILITY
- INTEGRITY
- EXCELLENCE
- TRUST

2.2. WITH A SUCCESS STORY

The Group's success story is based on efficient organization and dynamic and enterprising management, implemented through successive mergers, acquisitions and strategic plans committed to maximizing profitability for its shareholders. The ability to integrate, assimilate and develop a common culture has enabled the Group to consolidate its position as an international leader in infrastructure development.

©CPB Contractors

1983	Founded in 1968 Construction Company based in Badalona, Spain, which was restructured following its acquisition and relaunched. It is the seed from which ACS Group grew into what it is today.
1986	Founded in 1942 Spanish Construction Company, the acquisition of which represented a large expansion for the Group in the 1980s.
1988	Founded in 1919 Company specializing in power lines and the developer of the Spanish electricity grid; represented the first diversification in industrial services.
1989	Founded in 1948 Industrial services company; a leader in Spain and Latin America, it was a stock exchange acquisition that lead the Group's expansion in this area.
1992	Founded in 1992 Formed from the merger of Ocisa and Construcciones Padrós, it was one of the 10 largest companies in the country at that time.
1996	Founded in 1945 A state-owned construction company, it increased the Group's national presence.
1997	Founded in 1930 One of the most important construction companies in Spain, specializing in civil engineering projects.
1997	Founded in 1928 One of the most experienced railway development companies in Spain, with more than 80 years of experience. It joined the ACS Group as a subsidiary of Ginés Navarro.
1997	Founded in 1997 World leader in infrastructure development. It was the result of a merger between OCP and Ginés Navarro in 1997.
2003	Founded in 1941 Leader in Spain and a very diversified company. By merging with ACS, it created one of the five largest companies in the world and laid the foundation for the Group's future growth.
2003	Founded in 1992 Initially focused on providing cleaning services to public entities, it has become the benchmark multi-service company in Spain.
2011	Founded in 1873 A leading company in Germany with a presence in over 50 countries, it is the ACS Group's international growth platform.
2011	Founded in 1902 A HOCHTIEF subsidiary since 1999, America's leading "General Contractor" is present practically throughout the entire country, developing large, non-residential building projects.
2011	Founded in 1949 A HOCHTIEF subsidiary acquired in 1983, as of 12/31/20 it holds 78.58% of the company's shares. It is Australia's leading construction company and a world leader in mining concessions.
2018	Founded in 2003 Abertis is one of the leading operators in toll road management, with over 8,600 kilometers (5,300 miles) of roads in 16 countries, with the ACS Group having approximately a 50% stake.

2.3. BASED ON A CONSOLIDATED CORPORATE STRATEGY THAT CREATES SHARED VALUE

The ACS Group operates in an increasingly complex and competitive environment that entails numerous risks and uncertainties, forcing the Group to adapt its strategy to the challenges and opportunities that arise in a highly dynamic global sector.

The ACS Group has consolidated a leading business model worldwide in its sector, featuring extensive diversification in terms of geography and business activity, thanks to its strategy of pursuing global leadership, optimizing the profitability of the resources employed and promoting sustainable development. These three cornerstones ensure the generation of shared value for all its stakeholders and sustainable and profitable growth for its shareholders.

PURSUE GLOBAL LEADERSHIP

• Positioning itself as one of the primary actors in all of the sectors where it is involved, thus enhancing its competitiveness, maximizing the creation of value in its relationship with clients and continuing to attract talent to the organization.

• Meeting customers' needs, offering a diversified product portfolio, innovating on a day-to-day basis and investing selectively to increase service and activity offerings.

• Continuously improving standards of quality, safety and reliability in the services it offers.

• Expanding the Group's current customer base through ongoing commercial effort in new markets.

OPTIMIZE RESOURCE PROFITABILITY

• Increasing operational and financial efficiency, offering attractive profitability to the Group's shareholders.

• Applying rigorous investment criteria that are appropriate for the company's growth and expansion strategy.

• Maintaining a strong financial structure that facilitates the acquisition of resources and keeping their cost low.

PROXIMITY TO CUSTOMERS

• Improving society and helping the economy grow, generating wealth through ACS Group's own activity that guarantees citizens' well-being.

• Respecting economic, social and environmental landscape, while responding to the challenges and opportunities of the sector, innovating through the company's procedures and respecting the recommendations of the most important national and international institutions in each of its activities.

• Acting as an economic engine for the creation of stable, decent and fairly compensated employment. Complying with the diversity principles set out by the Group.

SUSTAINABLE AND PROFITABLE GROWTH

CREATING SHARED VALUE

CONTRIBUTING TO THE DEVELOPMENT OF OPERATING ENVIRONMENTS

• Creation of employment and well-being as an economic driver for society

• Prioritization of local resources

• Knowledge sharing and technology transfer

RESPONDING TO GLOBAL CHALLENGES

• In diverse economic and social environments, including those related to climate change

• Searching for innovative and sustainable solutions

COMMITMENT TO SUSTAINABILITY

The ACS Group business model guarantees maximum profitability to its shareholders while generating value in the form of social and economic development in the environments where the Group's companies operate.

SHAREHOLDER/INVESTOR

INVESTMENT ↓↑ DIVIDENDS

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

↓↑

...INTEGRATES LEADING COMPANIES...	...THAT OPERATE UNDER A COMMON CULTURE...	...IN STABLE ENVIRONMENTS...
DRAGADOS, HOCHTIEF, IRIDIUM, CIMIC, cobra GRUPO, Turner, Clece, Dragados Industrial, abertis	Operational decentralisation Proximity to the customer Optimising returns on resources Control management Sustainable growth	

↓↑

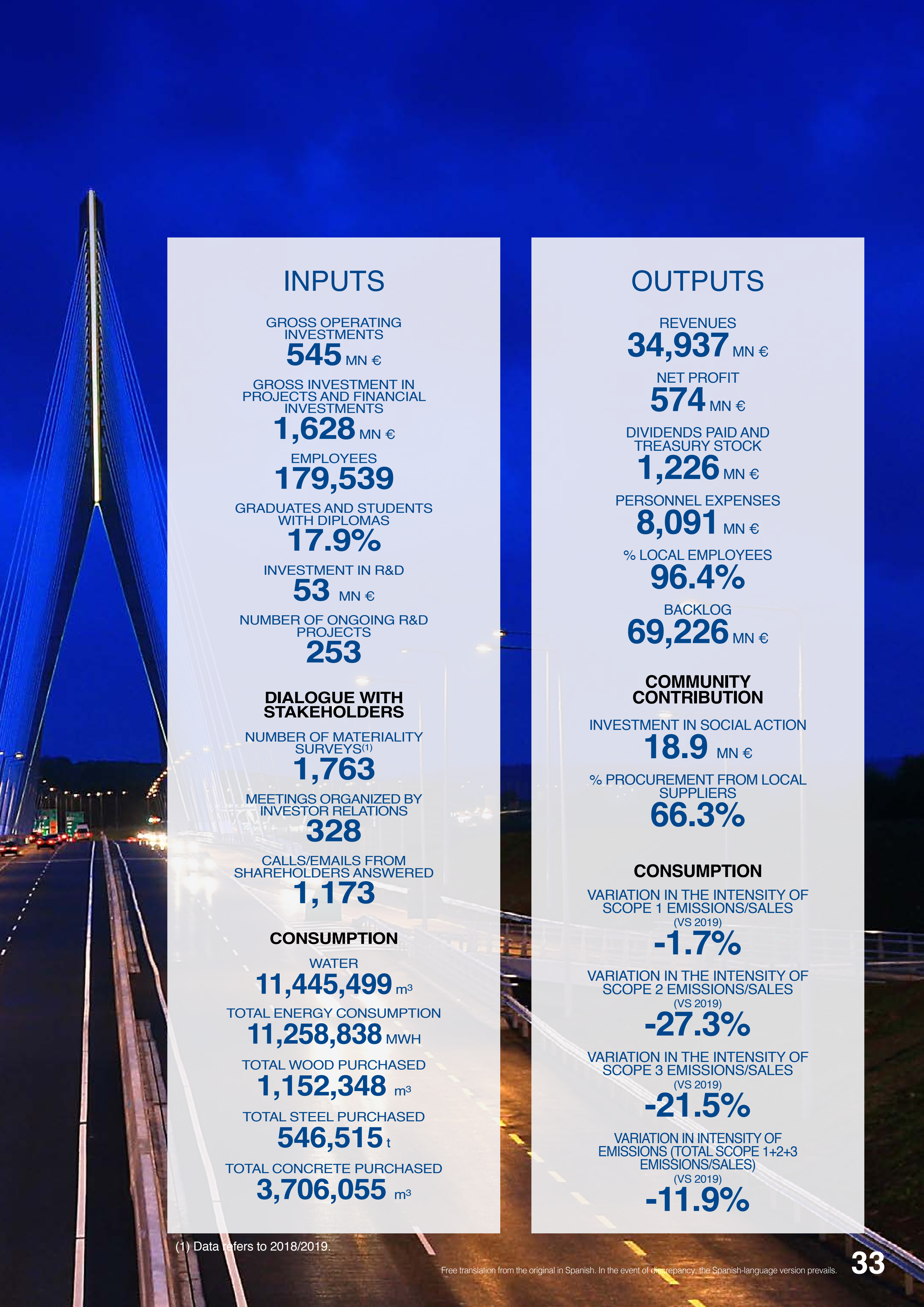
...DEVOTED TO THE INFRASTRUCTURE SECTOR...

CONSTRUCTION/ ENGINEERING	INDUSTRIAL SERVICES	OTHER SERVICES

↓↑

...AND WITH PRESENCE IN ALL THE CHAIN VALUE...

PROJECT DEVELOPMENT | PROMOTION/ FINANCING | CONSTRUCTION | OPERATION/ MAINTENANCE | EXPLOITATION



INPUTS

GROSS OPERATING INVESTMENTS
545 MN €

GROSS INVESTMENT IN PROJECTS AND FINANCIAL INVESTMENTS
1,628 MN €

EMPLOYEES
179,539

GRADUATES AND STUDENTS WITH DIPLOMAS
17.9%

INVESTMENT IN R&D
53 MN €

NUMBER OF ONGOING R&D PROJECTS
253

DIALOGUE WITH STAKEHOLDERS

NUMBER OF MATERIALITY SURVEYS(1)
1,763

MEETINGS ORGANIZED BY INVESTOR RELATIONS
328

CALLS/EMAILS FROM SHAREHOLDERS ANSWERED
1,173

CONSUMPTION

WATER
11,445,499 m^3

TOTAL ENERGY CONSUMPTION
11,258,838 MWH

TOTAL WOOD PURCHASED
1,152,348 m^3

TOTAL STEEL PURCHASED
546,515 t

TOTAL CONCRETE PURCHASED
3,706,055 m^3

OUTPUTS

REVENUES
34,937 MN €

NET PROFIT
574 MN €

DIVIDENDS PAID AND TREASURY STOCK
1,226 MN €

PERSONNEL EXPENSES
8,091 MN €

% LOCAL EMPLOYEES
96.4%

BACKLOG
69,226 MN €

COMMUNITY CONTRIBUTION

INVESTMENT IN SOCIAL ACTION
18.9 MN €

% PROCUREMENT FROM LOCAL SUPPLIERS
66.3%

CONSUMPTION

VARIATION IN THE INTENSITY OF SCOPE 1 EMISSIONS/SALES
(VS 2019)
-1.7%

VARIATION IN THE INTENSITY OF SCOPE 2 EMISSIONS/SALES
(VS 2019)
-27.3%

VARIATION IN THE INTENSITY OF SCOPE 3 EMISSIONS/SALES
(VS 2019)
-21.5%

VARIATION IN INTENSITY OF EMISSIONS (TOTAL SCOPE 1+2+3 EMISSIONS/SALES)
(VS 2019)
-11.9%

(1) Data refers to 2018/2019.

2.3.1 ACHIEVING STRONG FINANCIAL AND OPERATIONAL RESULTS FOR FINANCIAL YEAR 2020

1. Good performance of businesses affected by the COVID pandemic

All of the Group's operating activities had a good performance in financial year 2020 within an atypical environment affected by the global pandemic: given that construction activities and industrial services were considered essential in most countries during the lockdown, their activity rates dropped by just 5 to 10%.

By contrast, Abertis has experienced a significant decline in activity due to the lockdowns, which have prompted sharp drops in daily traffic since the second half of March 2020. Compared with 2019, Abertis' contribution to the Group's net profit fell by EUR 280 million, representing 80% of the total loss in profits.

In Services, during the initial months of the pandemic, cleaning services were bolstered for critical infrastructure, such as hospitals, nursing homes and public facilities. In this case, the Group's priority was to ensure the safety of users and employees. Clece has a very important social component, which is an indispensable part of the Group's sustainability strategy.

The Group's key operating figures in 2020 are as follows:

KEY OPERATING FIGURES OF THE ACS GROUP

MILLION EURO	Reported	Adjustments[1]	Ordinary	Var.	Var. Ex Abertis
TURNOVER	34,937	725	35,633	-8.7%	-8.7%
EBITDA	2,444	127	2,571	-18.3%	-9.7%
EBIT	1,480	158	1,638	-22.9%	-10.2%
NET PROFIT	574	28	602	-37.4%	-11.2%

(1) Non-recurring impacts on CIMIC (sale of Thiess, Gorgon and other adjustments) + provisions and results from derivatives in corporation.

- Sales amounted to EUR 34,937 million, or 35,663 adjusted for the impacts on CIMIC, mainly the unfavorable arbitration on the Gorgon project. This is 8.7% less than the previous year, or 5.6% in comparable terms.
- The gross operating profit, or EBITDA, was EUR 2,444 million; adjusted for these impacts, it amounted to EUR 2,571 million. Excluding the contribution of Abertis, EBITDA fell by 10%.
- Ordinary EBIT came to EUR 1,638 million. Without Abertis, this decline is reduced to 10%.
- Attributable net profit in 2020 amounted to EUR 574 million. A number of non-recurring impacts took place in 2020. Not considering these impacts, net profit reached EUR 602 million, affected by the EUR 280 million reduction from Abertis. If this reduction is excluded, profit from the other activities fell by 11.2%.

2. Maintaining international diversification in developed markets

The project backlog amounted to EUR 69,226 million, an 11% drop from the previous year, with broad diversification across regions and activities, but focused on regions with growth potential and safe environments.

The decline is mainly due to the impact of the exchange rate (the US dollar depreciated by 9.2%). The impact of the pandemic has also affected contracting activity, delaying the awarding of new projects.

The ACS Group's current geographical diversification facilitates mitigation of adversity in the macroeconomic environment and the cyclical nature of construction activity in small markets, thus taking advantage of growth opportunities in more favorable environments and consolidating its presence in countries with greater potential for stable growth.

More than 85% of the backlog comes from developed economies which, despite COVID (which has led to a reduction in contracting activities with a slowdown in awards and affecting the deadlines for new bidding processes), showed strength with a positive performance in comparable terms in key markets.

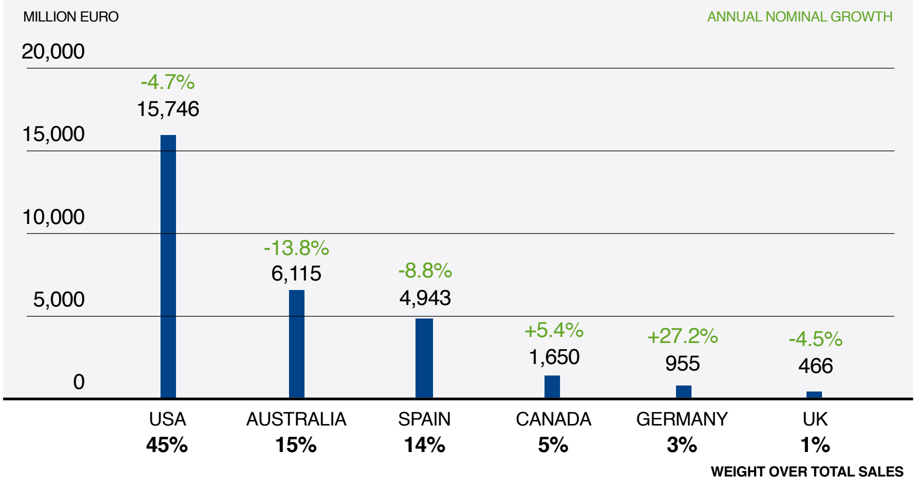
In addition, the ACS Group's business model is increasingly integrated into the entire infrastructure value chain, and this integration was strengthened through the acquisition of Abertis in 2018, despite its negative contribution to the Group this past year. In this regard, the ACS Group has identified a backlog of more than 150 public-private participation (PPP) projects with a total value of EUR 225,000 million to be developed over the next four years, located in the Group's strategic regions.

Likewise, the ACS Group is in a very competitive position for the development of energy infrastructures. Currently, the project backlog contains 80 different energy assets; renewable energy totaling nearly 3,700 MW, 5,842 km of transmission lines, and desalination, irrigation and water purification projects, among others.

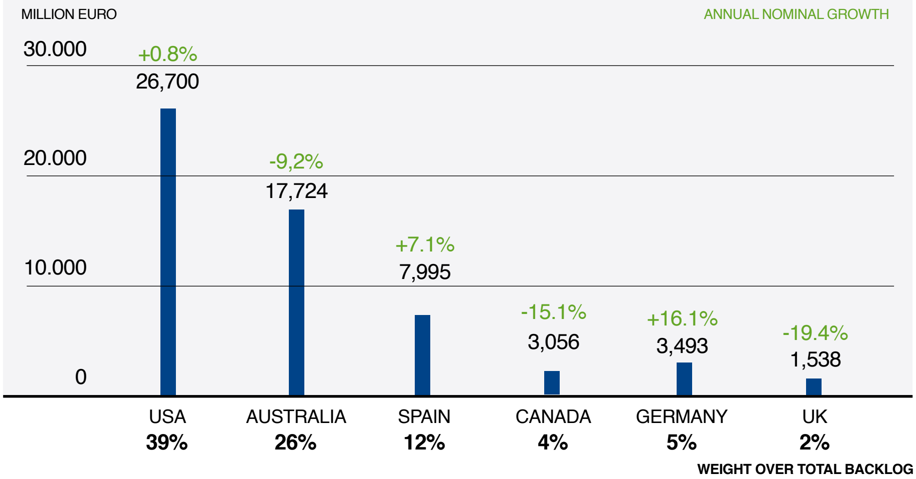
3. Generating a consistent flow of funds

In 2020, the ACS Group's activities generated a total of €1,245 million, thanks to the good performance of the American and European markets, the funds generated from the rotation of concessional and energy assets and the dividends received from Abertis. The diversification of cash generation sources and efficient control of working capital explain this positive development.

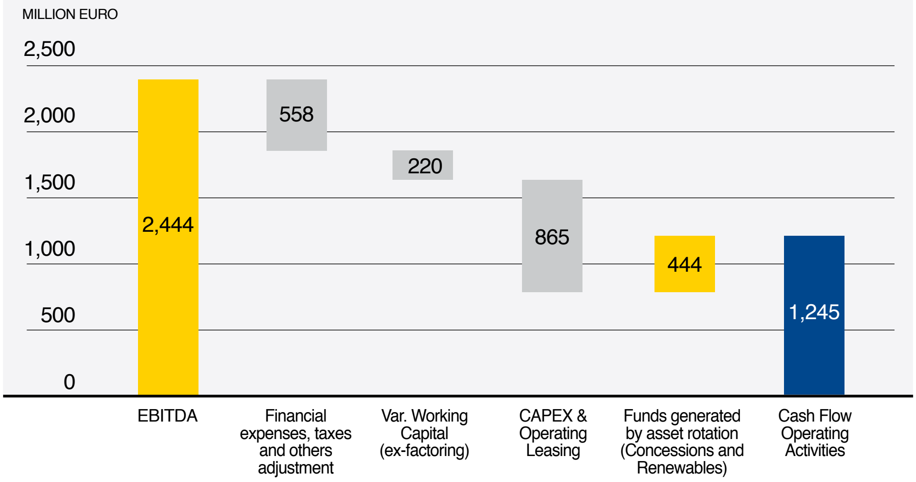
SALES BREAKDOWN BY KEY COUNTRIES



BACKLOG BREAKDOWN BY KEY COUNTRIES



FUNDS GENERATED BY OPERATING ACTIVITIES



4. Creating value for society as a whole

The ACS Group has a world-leading business model in a widely diversified sector in terms of both geography and business activity, which generates value for its main stakeholders throughout the value chain by optimizing the resources available to it and promoting sustainable development.

All 180,000 people belonging to the ACS Group strive to safeguard the interests of its stakeholders through the services offered by the Group. In a year in which the world has faced the adversity of the pandemic, the ACS Group has continued its activity:

- Guaranteeing quality and excellence for its clients in all the activities and services that the group performs. The Construction and Industrial Services businesses felt the effects of the pandemic less severely, as activity was allowed to continue during the months in which the health crisis began, taking into account the slowdown in the process of awarding contracts and project implementation. On the other side, business at Clece increased in hospital facilities and public offices, and the company's care for vulnerable populations and those at risk of exclusion also remained steady.

- Increasing occupational safety standards to provide employees and users with a safe environment, especially in this pandemic year. Clece has increased its protection measures by performing biweekly PCR tests on residents and employees at nursing homes. More than 145,000 tests on residents and employees have been carried out so far.

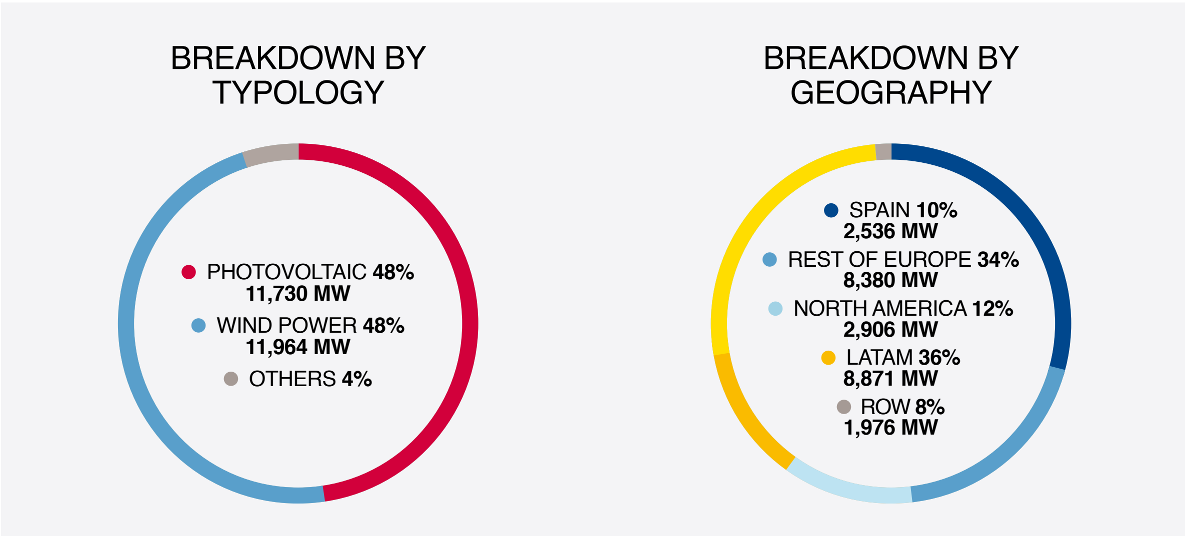
- Supporting suppliers through operational and financial measures that safeguard the future of the industry has been an essential task in such an atypical year, in which all the group's activities have been affected by the restrictions applied in countries around the world.

- Keeping returns for shareholders steady, thanks to the financial stability available to the Group and by investing in forward-looking sustainable projects that strengthen the Group's commitment to the markets, shareholders and investors.

5. Taking advantage of investment opportunities in renewables and infrastructure

The Group's financial position shows net debt of EUR 1,820 million, which is 1,766 million more than the previous year. Of this amount, more than 1,700 million was for total investments that have enabled the Group to bolster its strategic plan by investing in new energy and infrastructure projects as well as other growth opportunities to ensure sustainable growth and continue to drive value creation for its shareholders.

The pipeline of renewable energy projects under promotion reached 24,668 MW, of which 11,700 MW is concentrated in photovoltaic plants and 12,000 MW in wind farms around the world, most notably 44% in Europe, including 10% in Spain, followed by Latin America with more than 35% of the total pipeline.



RELEVANT FACTS IN 2020

FEB

OTHERS

Implementation of the treasury shares buyback program with a maximum of 10,000,000 shares to be acquired and a maximum investment of € 370 million, in force until September 30, 2020.

Implementation of a treasury shares buyback program. The maximum number of shares to be acquired under the buyback program is 10,000,000 ACS shares, representing approximately 3.18% of ACS's share capital as of the date of this report. For its part, the maximum investment will be € 370 million. The program remains in place until September 30, 2020.

MAR

CORPORATE GOVERNANCE

Death of the vice president and board member of ACS Actividades de Construcción y Servicios, S.A, Mr. José María Loizaga Viguri.

DIVIDENDS

Payment of an interim dividend at € 0.45 per share.

APR

LOANS, CREDIT AND OTHER FINANCIAL TRANSACTIONS

Derivative agreement on treasury shares for a maximum total of 12,000,000 shares, with a price per share of € 14 maturing between November 2, 2020 and March 31, 2021 at a rate of 115,385 shares per day.

Binding derivative agreement on treasury shares (a reverse collar) on an initial total of 8,000,000 shares, divided into 2 tranches: one for 4,000,000 shares at a price per share of € 17.5; and another tranche for a further 4,000,000 shares at a price per share of € 19.5, effective from April 14, 2020 and with final maturity on May 31, 2021.

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Sale to the Hermes Fund of 74% in six Iridium shadow toll concessions for a company value (100%) of €950 million and capital gains of € 40 million.

MAY

CORPORATE GOVERNANCE

Holding of the General Shareholders' Meeting.

Renewal of proprietary board members Mr. Mariano Hernández Herreros and Mr. Javier Echenique Landiríbar.

Mr. Pedro López Jiménez is appointed as a member of the Audit Committee by the Board of Directors of ACS, Actividades de Construcción y Servicios S.A.

OTHERS

ACS resolution to amend the treasury shares buyback program (the "Buyback Program"), extending the maximum number of shares to be acquired by 12,000,000, the maximum investment to € 660 million and the deadline until March 31, 2022.

JUN

DIVIDENDS

Payment of an interim dividend at €1.38 per share.

LOANS, CREDIT AND OTHER FINANCIAL TRANSACTIONS

A 5-year senior bond is issued on the Euro market for an amount of € 750 million, maturing on June 17, 2025 with an annual coupon of 1.375%.

JUL

DIVIDENDS

Payment of the additional final dividend in the amount of € 0.16 per share.

AUG

OTHERS

Reduction of share capital by € 2,000,000 through the redemption of 4,000,000 shares of the Company's treasury stock under a resolution by the ACS Board of Directors.

SEP

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Conclusion of the sale to Grupo Galp Energía (Galp) of 75% in photovoltaic energy projects in Spain between 2020 and 2023 with a total installed capacity of 2,930 MW and an initial disbursement of € 325 million.

Link to the relevant facts on the website

OCT

CORPORATE GOVERNANCE

Ms. Carmen Fernández Rozado is appointed as a member of the Executive Committee by the Board of Directors of ACS, Actividades de Construcción y Servicios S.A.

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Notification of a non-binding offer from VINCI to ACS for the purchase of its Industrial Services business, which would include, in addition to the engineering and construction activities, holdings in eight concessions or PPPs for energy projects as well as the platform for the development of new projects in the renewable energy sector. VINCI estimates a company value of € 5,200 million.

OTHERS

Publication of the arbitration decision on the Gorgon LNG Jetty project by CPB Contractors, a subsidiary of CIMIC, for Chevron Australia (Chevron).

NOV

LOANS, CREDIT AND OTHER FINANCIAL TRANSACTIONS

Replacement of the derivative contract announced in April with a forward contract for the same number of treasury shares (12,000,000) payable in cash on the differences over a period of eleven to seventeen months (between October 2021 and May 2022) at a rate of 115,385 shares per settlement.

DEC

LOANS, CREDIT AND OTHER FINANCIAL TRANSACTIONS

Replacement of the derivative contract announced on April 13 with a forward contract for 11,952,615 treasury shares, payable exclusively in cash on the differences between March 7, 2022 and August 1 of the same year, at a rate of 114,927 shares per settlement.

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Agreement between CIMIC and Elliot for the sale of a 50% stake in Thiess, both exercising joint control over the company, with Elliot having the option of selling its stake to CIMIC three to six years after conclusion of the sale.

SUBSEQUENT EVENTS

On January 11, 2021, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second execution of capital increase with a charge to reserves approved by the Ordinary General Shareholders' Meeting held on May 8, 2020. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second execution of the reduction of the share capital by amortization of its treasury stock approved at the same General Shareholders' Meeting for a maximum amount equal to the amount in which the share capital is actually increased as a result of the second execution of the capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second execution of the capital increase charged to reserves agreed upon at the General Shareholders' Meeting held on May 8, 2020 (through which an optional dividend in shares or cash is structured) was set at 4,931,184 on January 19, 2021.

The price at which ACS, Actividades de Construcción y Servicios, S.A., undertook to purchase from its shareholders the free allocation rights corresponding to said second execution of the capital increase was determined at a fixed gross amount of EUR 0.452 for each right.

After the negotiation period for the free allocation rights corresponding to the second execution of released capital increase, the irrevocable commitment to the purchase of rights assumed by ACS was accepted by the holders of 39.68% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in February 2021 the following events took place:

The dividend was determined to be a total gross amount of EUR 55,716,280.82 (EUR 0.452 per share) and was paid on February 9, 2021.

The number of final shares subject to the capital increase was 2,568,165 for a nominal amount of EUR 1,284,082.50, which were redeemed simultaneously for the same amount. (See Note 01.10 in the Group's Annual Accounts).

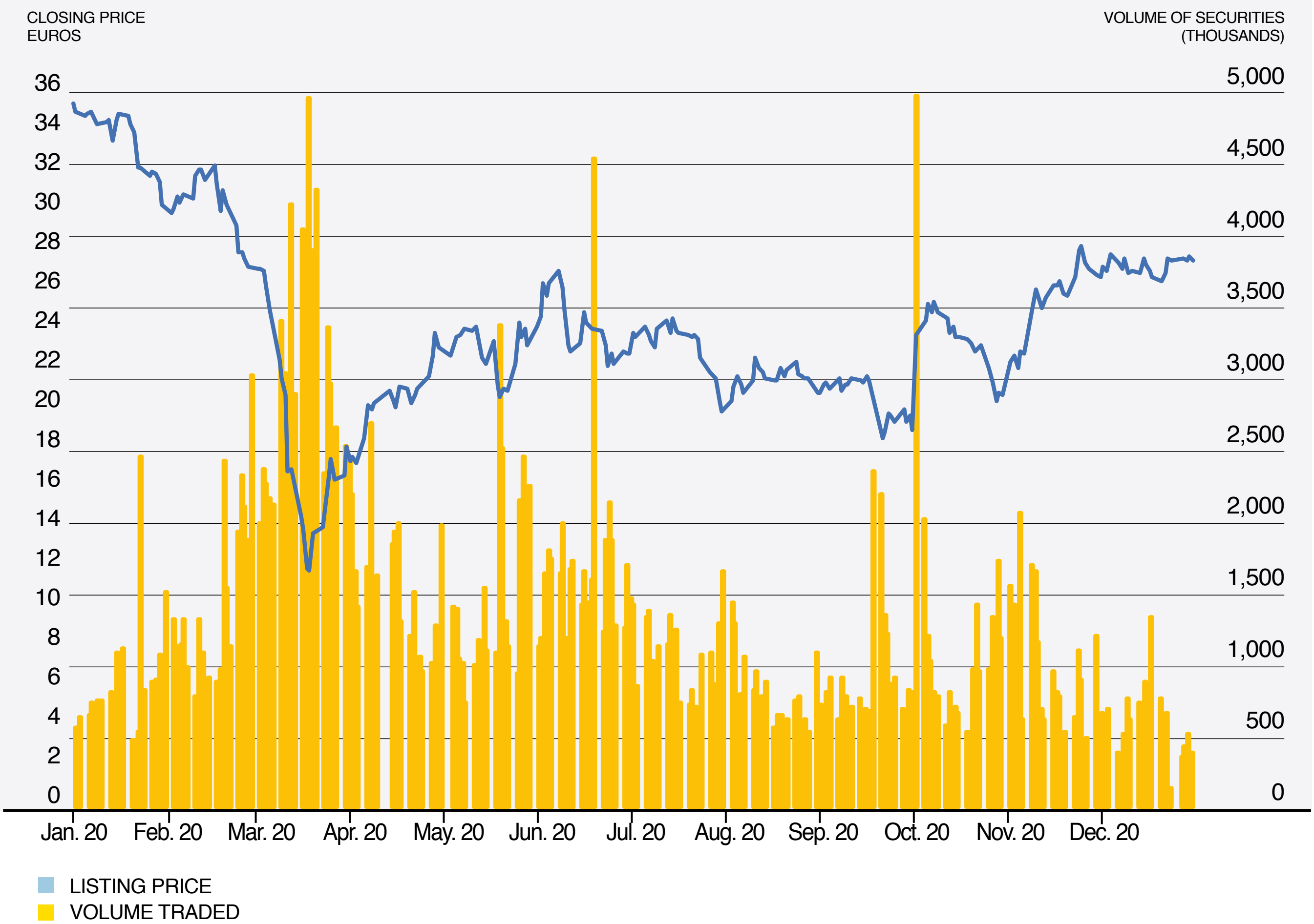
On February 15, 2021, Cimic announced that they signed an agreement with SALD Investment LLC ("SALD") for the sale of Cimic's investment in the Middle East. SALD, a private investment company based in the United Arab Emirates, will buy Cimic's 45% investment in BICC as well as the remaining 55% of BICC held by Cimic's co-shareholder. The sale covers all of Cimic's investments in the Middle East. Upon completion, SALD will own all BICC businesses in the UAE, Qatar, Oman and Saudi Arabia. Completion of the stock purchase agreement is subject to compliance with certain conditions above and to obtaining all necessary approvals. While CIMIC has agreed with the buyer to contribute a certain amount of funds to BICC, the transaction does not increase CIMIC's previously announced financial exposure in the Middle East. The financial impact of the transaction for CIMIC is already included in the single after-tax impact on the 2019 financial statements of CIMIC announced on January 23, 2020.

On March 26, 2021, Cimic has successfully signed a three-year A$ 1,400 million syndicated bond issue.

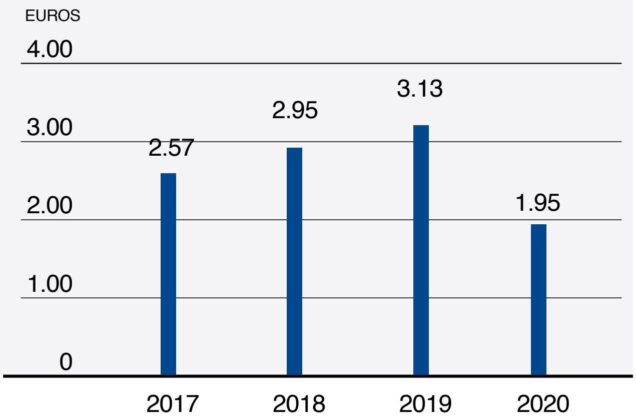
As of the date of preparation of these Annual Accounts, negotiations with VINCI are continuing with a view to reaching an agreement for the acquisition of most of the Industrial Services business, and it is estimated that this agreement will be reached shortly. In any case, the transaction would be subject, as a condition precedent, to obtaining all the necessary authorizations, especially in the area of competition.

2.3.2. THROUGH CAPITAL MARKETS

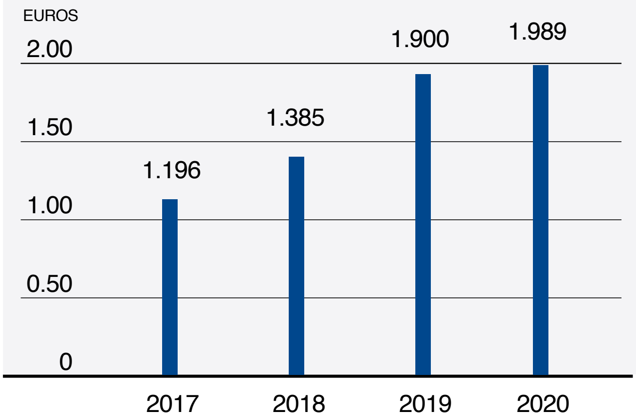
EVOLUTION OF ACS SHARES IN 2020



EARNINGS PER SHARE



DIVIDEND PAID PER SHARE

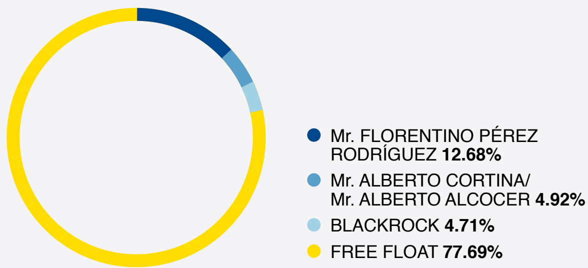


ACS SHARE DATA

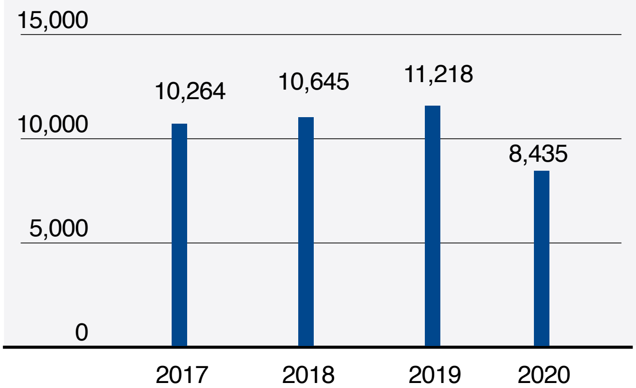
	2017 Jan–Dec	2018 Jan–Dec	2019 Jan–Dec	**2020 Jan–Dec**
Closing price at the end of the period	€32.62	€33.83	€35.65	**€27.15**
Revaluation of the period	8.66%	3.71%	5.38%	**-23.84%**
Revaluation of the IBEX during the period	7.40%	-14.97%	11.82%	**0.22%**
Revaluation of the period compared to the IBEX	1.18%	21.97%	-5.76%	**-24.01%**
Period maximum	€36.75	€37.83	€40.93	**€35.19**
Maximum date of the period	Jun 19	Sep 21	Apr 30	**Jan 02**
Period minimum	€28.34	€27.10	€32.79	**€11.45**
Minimum date of the period	Jan 31	Mar 6	Aug 15	**Mar 19**
Average of the period	€32.49	€33.73	€36.51	**€22.78**
Total volume of traded securities (thousands)	189,001	175,727	171,395	**331,267**
Total capital turnover	60.07%	55.85%	54.47%	**106.63%**
Average daily volume of traded securities (thousands)	738.28	689.13	672.14	**1,274.10**
Average daily capital turnover	0.23%	0.22%	0.21%	**0.41%**
Total traded cash (million euro)	6,140	5,928	6,258	**7,548**
Average daily cash traded (million euro)	23.99	23.25	24.54	**29.03**
Market capitalization at year-end (million euro)	10,264	10,645	11,218	**8,435**
Number of shares (million)	314.66	314.66	314.66	**310.66**

SHAREHOLDER STRUCTURE

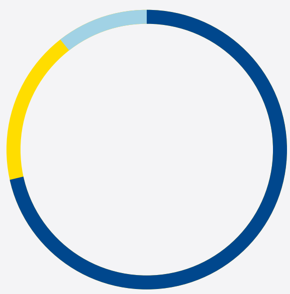
Shareholder name or company name	%
Mr. Florentino Pérez Rodríguez	12.68%
Mr. Alberto Cortina/ Mr. Alberto Alcocer	4.92%
Blackrock	4.71%
Free Float	77.69%



MARKET CAPITALIZATION



FINANCIAL ANALYST RECOMMENDATIONS



BLOOMBERG TARGET PRICE (31/12/2020)

32.43

EURO/SHARE (SOURTCE: BLOOMBERG)

2.3.3. IN A SUSTAINABLE AND RESPONSIBLE MANNER

Through its mission, the ACS Group has an undeniable commitment to developing its activities in a sustainable and responsible manner. At the same time, in 2020 the Sustainability Policy, approved by the ACS Board of Directors in December 2020, was updated to incorporate the recommendations of the latest version of the CNMV's Good Governance Code. This policy sets out the following areas of activity for the ACS Group in this regard, as well as in the Group's relationship with its environment:

- Respect for ethics, integrity and professionalism in the Group's dealings with its Interest Groups.
- Respect for the economic, social and environmental surroundings.
- Promotion of innovation and research as these apply to infrastructure development.
- Creation of employment and well-being as an economic driver for society.
- Appropriate and strict management of the non-financial risks that may affect the Group, maximizing the positive impacts and minimizing the negative impacts of its activities.

Thus, in the ACS Group's Sustainability area, the contributions of the Group's different companies converge, which define their action policies independently and manage their resources as efficiently as possible, always governed by the common principles and objectives defined in the ACS Group's Sustainability Policy, while at the same time pursuing the objectives defined in Plan 20-20 in non-financial matters.

Sustainability Policy

To meet the ACS Group's sustainable development challenge, given its characteristics of decentralized operations and extensive geographical spread, a functional, strategic and operational paradigm related to ACS Group's Sustainability has been developed called Project One.

Project One seeks to promote good management practices and to evaluate the common principles and objectives defined in the ACS Group's Sustainability Policy. This project is part of the Group's overall strategy focused on strengthening its global leadership.

The promotion of good management practices focuses on the following main sections:

For further information:
5. Consolidated Non-Financial Information Statement.

THE GROUP'S POSITION IN TERMS OF ETHICS.

IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.

IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.

Plan 20-20 sets out the commitments and objectives for 2020 related to the relevant issues identified in the materiality analysis linked to the field of sustainable development. This Plan is aligned with the main management and monitoring indicators related to the ACS Group's contribution to the Sustainable Development Goals (SDGs). Among the commitments established, each ACS Group company must independently define the most appropriate measures and responses that will enable them to comply with the commitments established by the Group, taking into account the features of their business.

Currently, the ACS Group is working on creating and defining the objectives for a new strategic sustainability plan, thus reaffirming the Group's long-term commitment to creating shared value.

Similarly, at year-end 2020, the ACS Group took stock of compliance levels with Plan 20-20, with most of the proposed objectives being met.

The impact of COVID-19 has made it impossible to roll out the training plans and programs planned by the Group, and the objectives relating to investment in training and the percentage of employees trained throughout their professional careers in health and safety have not been achieved.

In addition, the total waste generated has increased over the baseline year and two objectives relating to quality indicators have not been achieved either. Waste generation is directly related to the type of projects developed during the year, despite the waste minimization measures promoted by the Group. In turn, the increase in the Group's activity in the United States has been the main factor behind the drop in the percentage of sales certified under ISO 90001, since this is not the predominant type of certification of quality systems in this region. Chapter 5 of this report explains the trends in all the indicators and the impact that the COVID-19 pandemic or other factors have had on achieving the objectives set by the Group.

In short, despite the current situation, the ACS Group believes that the evolution of its non-financial management over the past few years is positive, which encourages the Group to set new objectives starting next year, in line with the Group's reality and ambitions.

PLAN 20-20 DEL GRUPO ACS

COMMITMENTS	2020 Objective	Indicator trends	2020	Related SDGs
Health and Safety				
Reduction of accident rates among its own employees	Increase employee certifications in Occupational Health and Safety	Percentage of total employees covered by the OHSAS 18001 certification (Occupational Health and Safety) and ISO 45001	**92%** Base year 2015: 83%	3, 8
	Increase employee training in health and safety matters and 100% of employees attending at least one health and safety course in 2020.	Percentage of the total number of employees who have taken at least one occupational health and safety course during their professional career	**99.3%** Base year 2015: 99.5%	3, 8
		Investment in occupational health and safety per employee (euro/employee)	**1,196.7** Base year 2015: 754	3, 8
HR, Ethics and Social Action				
Remain committed to advocacy, strengthening and control for issues related to ethics and integrity through measures to prevent, detect and eradicate bad practices.	All new Group companies must commit to the Code of Conduct	Companies committed to the Code of Conduct	**100%** Base year 2015: 98%	5, 8,10
	Increase employee training in matters related to ethics and integrity	Percentage of employees trained during the year in Human Rights, Ethics, Integrity or Conduct	**34%** Base year 2015: 13%	5, 8,10
Improving professional performance	Increase investment in employee training	Investment in training/employee (euro/employee)	**143.9** Base year 2015: 170.9	8
Greater contribution to the development of society	Increase actions and funds that contribute to the generation of shared value for the company through its own business strategy	Funds allocated to Social Action (millions of euro)	**18.9** Base year 2015: 9.4	10
Environment				
Improved eco-efficiency and use of resources	Increase environmental certifications in sales	Percentage of its sales covered by the ISO 14001 Certification	**74%** Base year 2015: 71%	9, 11,12
	Streamline waste generation	Ratio of waste sent for management (hazardous and non-hazardous) over sales (t/millions of euro)(1)	**468** Base year 2015: 152	9, 11,12
	Decrease water consumption	Water over sales (m^3/ millions of euro) (2)	**805** Base year 2015: 777	6, 9, 11,12
	Streamlining and efficient use of energy products	Scope 1 emissions/millions of euro in turnover	**78.0** Base year 2015: 99.9	7, 9, 11, 12, 13
		Scope 2 emissions/millions of euro in turnover	**5.3** Base year 2015: 8.2	7, 9, 11, 12, 13
Suppliers				
Continue to work with qualified suppliers in CSR areas	Increase the inclusion of non-financial criteria in supplier approval and include the Code of Conduct in the supplier evaluation criteria in all instances.	Inclusion of compliance with the Code of Conduct in the evaluation criteria (% of total expenses) (3)	**96.5%** Base year 2015: 77%	8, 9, 12
Quality				
Improvement of the quality of the services offered	Obtain and extend the scope of certifications	Percentage of sales derived from ISO 9001 certified activities (%)(4)	**54.4%** Base year 2015: 61%	9
	Implement management improvement tools	Ratio of Investments and expenses of the Quality Department or those earmarked for improvements in quality management processes on sales (excluding personnel expenses, euro/million euro in billing)	**85.3** Base year 2015: 180	9
	Increase the number and capacity of internal quality auditors	Number of quality audits performed for every million euro in billing	**0.42** Base year 2015: 0,06	9
Improvement of non-financial information reporting				
Improvement of quality, homogeneity and reporting of non-financial indicators.	Increase the scope of information on financial indicators through the implementation of management systems		See Annex 7.3.3	
Customers				
Continue to improve customer relationship management	Measuring customer satisfaction and establishing plans for its improvement	Percentage of "satisfied" or "very satisfied" customer responses	**94.86%** Base year 2015: 85.24%	9
		Ratio of the number of completed surveys received from customers/million euro in turnover(5)	**0.038** Base year 2015: 0.026	9
Innovation				
It is committed to innovation and ongoing development	Increased investment and effort in R+D+i	R&D investment ratio (euro/million euro in turnover) (6)	**5,804** Base year 2015: 2,392	9

(1) In 2020, 97.6% was non-hazardous waste (much of it from land extraction), of which 85.9% was recycled, reused or reclaimed.
(2) In 2020, and retroactively, the details of the reported data has been improved both at the scope level and at the extraction/discharge level, making the 2020 data not comparable to 2015 and the 2015 baseline not able to be recalculated. For these details and trends, see the table in section 5.1.2.
(3) In 2018, the ACS Group approved a specific Code for Business Partners which must be complied with in the relationship with ACS, and therefore compliance is currently considered to be 100%.
(4) The decrease in the indicator is due to the increase in activity in North America where this type of certification is less used. A way to report the quality efforts of these areas of activity is being sought after.
(5) The ratio is changed to the number of surveys conducted to surveys received to better reflect the operational management of this indicator.
(6) Scope of data in 2020, 26.4% of sales.

As a result of the strategic framework for Sustainability, the Group contributes to the development and consolidation of the economic and social fabric in the regions where it is present.

Specifically, in 2020 the company generated an economic value of EUR 36,957 million. In turn, the value distributed to guarantee the well-being of citizens amounted to EUR 33,259 million.

(201-1) Generated, distributed, and withheld economic value (millions of euro)	2019	2020
Total production value	39,049	34,937
Financial income	205	151
Divestments	532	1,869
(1) Economic value generated	**39,786**	**36,957**
Operating and purchasing expenses	25,086	23,160
Personnel expenses	8,394	8,091
Income tax*	-84	340
Dividends paid and treasury stock	1,054	1,226
Financial expenses	497	423
Investment in Social Action	13	19
(2) Distributed economic value	**34,961**	**33,259**
Withheld economic value (1-2)	**4,825**	**3,698**

* Tax credit derived from BICC provisions is included in 2019. The corporate tax paid was € 208 million.

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2.3.4. CONTRIBUTING TO THE FULFILLMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

The ACS Group, through the development of its activity focused on the development of transportation and energy infrastructure, as well as the social dimension offered through the Services activity, makes a conscientious effort to accomplish the commitments in the 2030 Agenda for Sustainable Development. In this regard, the Group measures its performance in terms of its contribution to the Sustainable Development Goals (SDGs) that are most closely related to its activity. This contribution is also reinforced by its dimension and international presence, both in developed and developing countries.

MAIN SUSTAINABLE DEVELOPMENT GOALS TO WHICH THE ACS GROUP CONTRIBUTES:

SDG
3

ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

CONTRIBUTION BY THE ACS GROUP

The Group considers the health and safety of employees, suppliers, contractors and partners a cornerstone of its strategy. Each Group company strives to achieve the highest occupational health and safety standards and aims to achieve zero accidents.

MANAGEMENT AND MONITORING INDICATORS

— EUR 226 million invested in health and safety.

— 92.3% of employees have been trained in health and safety throughout 2020

— 92.0% Percentage of total employees covered by OHSAS18001 or ISO45001 certification

SDG
5

ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

CONTRIBUTION BY THE ACS GROUP

The ACS Group rejects discrimination on any grounds, and, in particular, on the basis of gender, as well as age, religion, race, sexual orientation, nationality or disability. This commitment extends to hiring and promotion processes. In addition, the ACS Group develops policies that seek to promote the professional development of the women on its team and foster a work-life balance.
The ACS Group has a Code of Conduct and a Diversity Policy, which act as anchors for the Group's actions.

MANAGEMENT AND MONITORING INDICATORS

— Women in management positions: 2,323

— Measures that promote equal treatment and opportunities for men and women: companies representing 96.9% of the Group's employees.

— 76.6% of the Group's employees are covered by Equality Plans and in companies representing 99.9% of the Group's employees, there are protocols against sexual harassment. In 2019, the Dragados Equality Policy was updated and the new Clece Equality Plan was approved in early 2020.

— In companies representing 39.2% of the Group's employees, specific development programs have been implemented for the promotion of female talent (training for women in Etra management programs or CIMIC programs), in which 1,200 female employees of the Group participated in 2020.

— Social action projects have been developed to promote equality among young people, such as the Romperoles project implemented by Clece.

For more information, see section 5.2 of this report.

SDG
6

6 CLEAN WATER AND SANITATION

ENSURE ACCESS TO WATER AND SANITATION FOR ALL

CONTRIBUTION BY THE ACS GROUP

Through its Environmental Policy, the ACS Group establishes measures for efficient and responsible use of water resources.

In addition, through the activities of Industrial Services, which develop desalination plants, drinking water production plants and water purification facilities, the ACS Group ensures access to drinking water and improves the quality of the water ejected from its processes.

MANAGEMENT AND MONITORING INDICATORS

— Ratio of m3 of water consumed/sales (€ million): 805

— For the first time, the ACS Group has begun to report water consumption in water stress areas. The Group recognizes the need to reduce the consumption of this natural resource (which is particularly sensitive in these areas) where consumption in 2020 amounted to 48,341 m^3

— Number of water treatment infrastructures in which the ACS Group participates as at December 31, 2020:

Name	% shareholding of ACS	Location	Status
Desalination plants			
Benisaf Water Company	51%	Algeria	Exploitation
Hydromanagement	80%	Spain	Exploitation
TAIF	50%	Saudi Arabia	Construction
Al-Hamra Water Co	40%	Dubai	Construction
Caitan	50%	Chile	Development
Purification plants			
Taboada	100%	Peru	Exploitation
Provisur	100%	Peru	Construction
Irrigation projects			
Majes	100%	Peru	Construction

— The ACS Group establishes special measures for water savings in its projects. Some examples of projects can be found in section 5.1.3 of this report.

SDG
7

7 AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY

CONTRIBUTION BY THE ACS GROUP

The ACS Group, through its industrial services activity, designs, builds and manages diverse energy infrastructures, which help ensure universal access to energy.

Part of this activity focuses on renewable generation facilities (solar, wind and mini-hydropower), some of which are located in developing countries. It also offers energy efficiency improvement services for its customers, thus contributing to more efficient energy use and cleaner energy in all environments.

MANAGEMENT AND MONITORING INDICATORS

— Development of energy infrastructure projects, especially renewable lines and transmission lines:

o MW of renewable power generated in investment projects as of December 31, 2020: 3,700 MW.

o Kilometers of transmission lines as of December 31, 2020: 5,842 km.

o Pipeline of projects being developed: 11,730 MW photovoltaic and 11,964 MW wind.

— R&D projects aimed at improving renewable technologies. For more information, see sections 3.2 and 5.10 of this report.

SDG 8

PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL

CONTRIBUTION BY THE ACS GROUP

As a global company, the ACS Group participates in the development of key sectors for the global economy and provides jobs to a large number of people. Furthermore, the Group understands the important role that having local roots and being sensitive to the unique features of each site has in the company's success. The Group companies have commitments to remain in most of the regions where they operate, actively contributing to the economic and social development of these settings and encouraging the employment of local workers and executives.

The Group is committed to the professional development of its employees and is a strong advocate of internationally recognized human and labor rights. The company also encourages, respects and protects the freedom to participate in trade unions and the right of association of its workers.

MANAGEMENT AND MONITORING INDICATORS

— Number of employees: 179,539

— % of employees with permanent contracts: 67.4%

— % local employees: 96.4%

— New hires during the year: 55,792

— Personnel expenses: € 8,091 million

— Number of hours of training: 2,567,469

— Number of employees trained in Ethics and Compliance: 58,892

For more information, see sections 5.2 and 5.4. of this report

SDG 9

BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

CONTRIBUTION BY THE ACS GROUP

The ACS Group, through its infrastructure and industrial development activity, makes a decisive contribution to the economic progress of societies and the well-being of people.

The Group increasingly invests in R&D, using resources more effectively and promoting the adoption of sustainable industrial technologies and processes.

MANAGEMENT AND MONITORING INDICATORS

— Turnover in infrastructure development in 2020 (Civil Engineering, Building, Mining and Integrated Projects): 27,559 million euro.

— 2020 Investment in R&D in Construction and Industrial Services: 52.2 million euro

For more information, see sections 3.1., 3.2. and 5.10.

SDG 10

REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

CONTRIBUTION BY THE ACS GROUP

Through its infrastructure construction activities in underdeveloped countries, the ACS Group contributes to the reduction of inequalities among countries by generating a favorable economic and social environment for their development.

In addition, Clece, the ACS company dedicated to personal services, among others, has a strong social focus and a vocation of inclusion and integration of people, fostering the reduction of inequalities. In addition to serving vulnerable communities, it also integrates people from these groups into its workforce.

On the other hand, the Social Action activities carried out by the Group companies are mainly aimed at reducing inequality.

MANAGEMENT AND MONITORING INDICATORS

— Clece manages 179 centers for vulnerable groups(2)

— 11.7% of Clece's employees (9,027) have disabilities, are at risk of social exclusion, or are victims of gender violence.

— Investment in Social Action: EUR 18.9 million

— The ACS Foundation develops an accessibility program in favor of people with disabilities, aimed at architects, engineers, urban planners and all professionals involved in Universal Design and Accessibility.

For more information, see sections 3.3., 5.2. and 5.6. of this report.

(2) Nursing homes and day centers to care for people with disabilities, centers for minors at risk of exclusion, centers for the protection of women, occupational centers or centers for the homeless.

SDG 11

MAKE CITIES INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

CONTRIBUTION BY THE ACS GROUP

The ACS Group, through its various activities, provides services that help create more efficient and sustainable cities. These include sustainable building, the construction of public transportation systems, traffic management services, etc.

In addition, the Group contributes to R&D projects for the development of more efficient and resilient materials and more sustainable cities.

MANAGEMENT AND MONITORING INDICATORS

— Sustainable buildings constructed: 852 by HOCHTIEF and 30 in the Dragados backlog.

— The ACS Group's infrastructure concessions backlog: 90 concessions with 53,400 million in investments managed.

— R&D projects to enhance project resilience and efficiency (Sogun Project, Madame, BIM) and sustainable cities (Meister and Stardust).

For more information, see sections 5.1, 5.10 and 7.4.2 of this report.

SDG 12

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

CONTRIBUTION BY THE ACS GROUP

The ACS Group promotes responsible management of its entire supply chain and implements measures for the efficient use of natural resources in all its projects. From the design phase to execution, the use of sustainable materials is encouraged, water and energy consumption is rationalized and waste is properly managed, promoting its prevention and minimization.

In addition, the ACS Group also generates value through its supply chain with more than 131,984 suppliers in 2020, of which 85.5% are local. These suppliers must accept and abide by the terms of the Code of Conduct.

MANAGEMENT AND MONITORING INDICATORS

— Local suppliers: 85.5%

— Adoption of the Code of Conduct for Business Partners in 2018 and the Human Rights Due Diligence Protocol in 2019.

— Promotion of the use of recyclable materials. For more information, see section 5.1.2.

— Reuse and recycling of non-hazardous waste: 85%

SDG 13

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

CONTRIBUTION BY THE ACS GROUP

The ACS Group strives to contribute to the transition to a low-carbon economy by including measures to adapt to and mitigate climate change in its activities, as well as identifying opportunities for the promotion of environmentally friendly products and services that minimize its impact.

MANAGEMENT AND MONITORING INDICATORS

— Variation in the intensity of Scope 1 emissions (vs. 2019) -1.7%

— Variation in the intensity of Scope 2 emissions (vs. 2019) -27.3%

— Variation in the intensity of Scope 3 emissions (vs. 2019) -21.5%

— MW of renewable energy consumed: 64,246 (vs. 58,399 MW in 2019)

For more information, see section 5.1

SDG 17

REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

CONTRIBUTION BY THE ACS GROUP

Through its various companies, the ACS Group establishes key alliances to advance the SDGs. It collaborates with numerous associations and institutions and actively participates in sectoral associations, working groups and discussion forums to promote the economic and social development of the communities in which it operates.

MANAGEMENT AND MONITORING INDICATORS

— Number of foundations and NGOs partnered with in 2020: 508.

— Participation in different organizations and institutions.

2.4. THAT RESPONDS TO THE CHALLENGES AND OPPORTUNITIES IN THE SECTOR

THAT RESPONDS TO GLOBAL AND INTERRELATED CHALLENGES

CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

- Scientific evidence on global warming and the effects of pollution
- Increased regulatory requirements and regulatory changes, mainly in terms of sustainability (energy model transition)
- Greater awareness of society about the need to respect the planet

- Increase in extreme weather events caused by climate change
- Need for new innovative and sustainable solutions for infrastructures
- Shortage of natural resources and need for new sustainable materials

DIGITAL TRANSFORMATION

- Irruption of new technological systems
- Social and demographic changes
- Disruptive impact on certain businesses, sectors and business organizations

- Obsolete and inadequate infrastructures to new technological advances
- Improvements in the integration and management of the value chain.
- Industry reconversion, increased efficiency

URBAN GROWTH, CONCENTRATION AND INTERCONNECTION

- Population growth worldwide
- Migration movements
- Economic and social development of emerging regions

- Congestion of large cities, increased demand for peripheral expansion sustaining economic development
- New emerging cities without infrastructure network require more investment

GLOBALIZATION AND GREATER COMPETITIVENESS IN THE SECTOR

- Increasingly selective and sophisticated demand
- Competitive dynamics in the sector: barriers to entry, overcapacity, price competition

- Demand of more complex and leading edge projects
- More competitive margins in the sector.
- Cost pressure

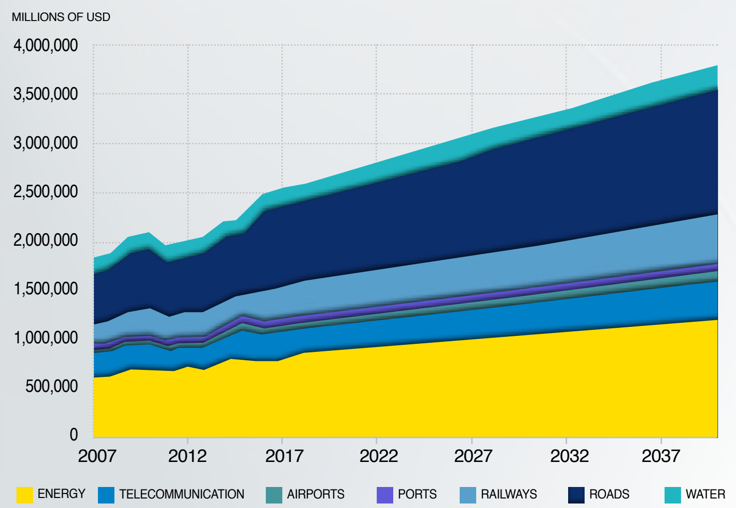
INVESTMENT NEEDS

- Tighter financial conditions in bank financing and new requirements, particularly in the area of sustainability
- Budgetary austerity and limited public resources exacerbated by the health crisis

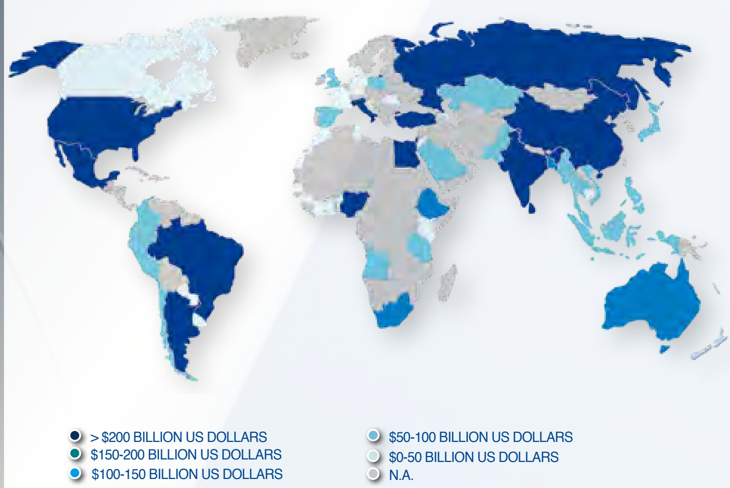
- Investment capacity shortage in the infrastructures sector
- Alignment of the financial sector with climate change and ESG criteria.
- Margins below optimal profitability, difficult risk control

CHALLENGES AND UNCERTAINTIES IN A GLOBAL CONTEXT

INFRASTRUCTURE INVESTMENT NEED AT CURRENT TRENDS FOR EACH SECTOR



TOTAL FORECAST INFRASTRUCTURE INVESTMENT GAPS TO 2040



Source: Global Infrastructure Hub.

GENERATING BUSINESS OPPORTUNITIES AND PROVIDING INNOVATIVE AND SUSTAINABLE SOLUTIONS

Adaptation of infrastructures to new sustainability regulations (better management of natural resources, use of sustainable materials), as well as the need for sustainable, efficient and resilient infrastructures to the increase in extreme weather events caused by climate change.

Investment increase and development of renewable energy projects supporting the economy decarbonization process, as well as R&D projects in order to improve green technologies efficiency

Development of social infrastructures with new technologies more efficient and advanced (ie; Smart-Green buildings; development systems and sustainable mobility management, Smart Cities).

Renewal and extension of the infrastructures' network in big cities with growing population.

Improvement in interregional and interstate connection infrastructures.

Public-private partnerships are key to increasing infrastructure investment capacity and substantially improving efficiency in project development. Growing use of PPP models for infrastructures project's development which mean and increase of the investment capacity together with a substantial improvement of efficiency in the development of projects.

Growing interest of private capital for socially responsible investment ("sustainable finance", "impact investing", "Green and social bonds")

The ACS Group has identified a backlog of over 150 PPP projects worth more than 250,000 million euros to be developed over the next 4 years located in the Group's strategic regions..

ACS Group has a very positive outlook in the renewable energy field with an on-going pipeline of 24,668 MW under promotion. The Group has long experience in the development of thermosolar and wind integrated projects, with a growing presence in large PV projects around the world.

The ACS Group has invested more than 50 million euros in innovation and development projects among the Group's different companies, increasing the number of patents and the application of new technologies.

ACS Group holds the market leading position in the development of "Green Buildings" in the USA and sustainable infrastructures in Australia. In 2020 different projects were developed in this segment worth approximately 8,300 million euros.

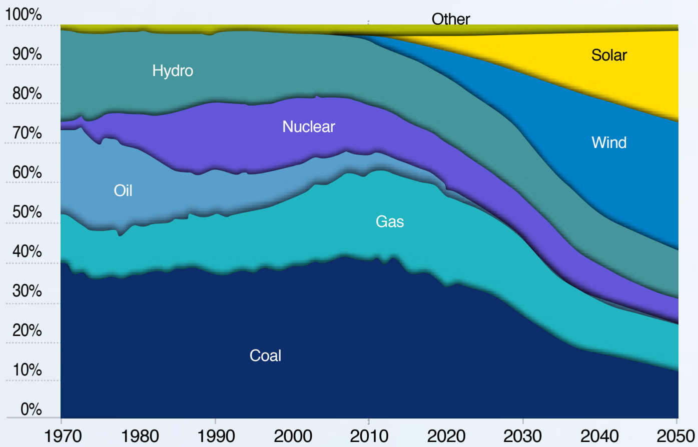
Business model integration in all the value chain, from design, construction, maintenance of new infrastructure projects to their operation.

Evolution of our clients contractual models which allow defining the undertaken risks in the construction and development of new projects. The Group is world leader in building under the modality of "construction management".

Starting with green bonds issuing linked to the development of renewable energy projects. First Group's issuing in 2018 worth 750 million euros.

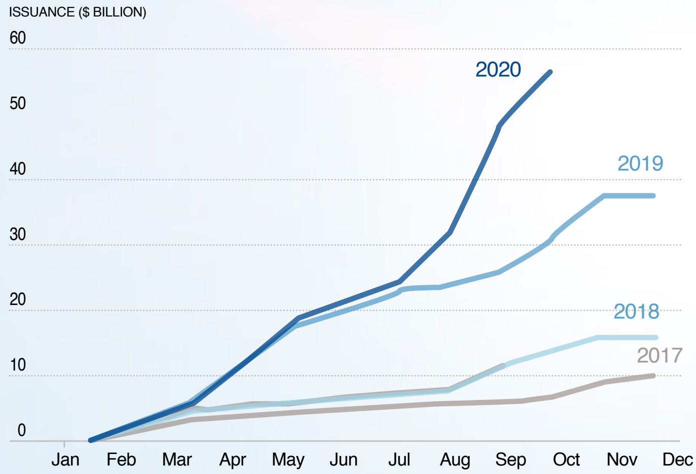
HIGH DEMAND FOR INFRASTRUCTURE AND COMPETITIVE ADVANTAGES

WIND AND PV GROW TO 56% OF ELECTRICITY GENERATION WORDLWIDE IN 2050



Source: BloombergNEF

SUSTAINABLE BOND ISSUANCE



Source: BloombergNEF

2.5. WITH EFFICIENT RISK MANAGEMENT

DUAL SYSTEM FOR RISK MONITORING AND CONTROL

The ACS Group is subject to various risks inherent to the respective countries, activities and markets in which it operates, and to the activities it carries out, which could impede or even prevent it from achieving its goals and executing its strategies successfully.

As part of the June 2020 review of the Good Governance Code of the Listed Companies, in relation to risk management and internal control systems, the ACS Group resolved to update its General Risk Control and Management Policy and its Comprehensive Risk Control and Management System.

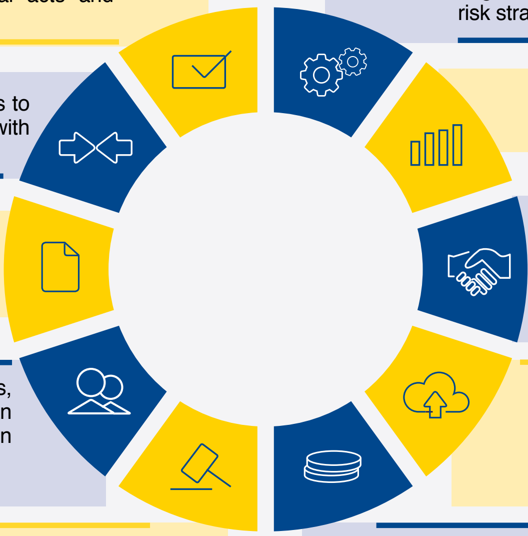
The General Risk Control and Management Policy affects, as a regulatory framework, all areas of the ACS Group. The Comprehensive Risk Control and Management System covers all types of risk that may threaten the attainment of the objectives of the Organization and of the ACS Group companies.

The ACS Group bases this system on a range of strategic and operational actions to mitigate these risks and meet the objectives set by the Board of Directors. The Corporation is responsible for defining basic guidelines in order to standardize operating criteria across each division to ensure an adequate level of internal control. The companies and divisions that comprise the Group are responsible for developing the necessary and appropriate internal regulations so that, depending on the individual characteristics of their activity, they implement internal control that ensures an optimum level of control.

In order to respond to the need for comprehensive and uniform risk management, the Corporation has established a model that includes the identification, measurement, prioritization, management and control of risks Group-wide and within its divisions. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group's activity areas.

The ACS Group's geographic and business diversification, together with its highly decentralized operations and the autonomous management that characterizes the ACS Group companies, makes it necessary for it to have a dual system for risk control and supervision. In addition to this corporate framework for Risk Control and Management, each business unit or company may develop their own, consistent with the Group's guidelines and following mechanisms and principles for:

- Complying with applicable legal and regulatory requirements, as well as the values and standards of conduct reflected in the Group's Code of Conduct, principles and good practices, geared toward the principle of "zero tolerance" for illegal acts and fraudulent situations.
- Integrating the approach to risk into the Organization's management by defining the risk strategy and levels.
- Ensuring the use of appropriate instruments to mitigate the impact of risks in accordance with the requirements of applicable legislation.
- Attaining the strategic objectives established by the Group with controlled volatility.
- Ensuring business stability and financial strength in a sustained manner over time.
- Maintaining strict segregation of duties between areas that manage risk and the areas responsible for its analysis, control and supervision, providing an adequate level of independence.
- Defending the interests of shareholders, customers and other groups that have an interest in the progress of the Organization and society in general.
- Reporting to regulators and the main stakeholders on the Group's risks and those of its operating units in a transparent manner, as well as on the operation of the systems developed for risk control and monitoring.
- Protecting the results and the reputation of the Group.
- Providing the highest possible level of guarantees to shareholders.



The General Risk Control and Management Policy and its basic principles are implemented through a Comprehensive Risk Control and Management System supported by all the components of the governance model, and through procedures, methodologies and support tools in line with the different stages and activities of the system:

Risk identification:
At least once a year, the risk taxonomy is updated to confirm those that remain significant, eliminate those that no longer apply, and incorporate new emerging ones.

Risk assessment criteria:
The method used to determine how the identified risks are assessed categorizes them into different groups depending on their impact and likelihood.

Level of risk that the Group considers acceptable:
This system is aimed at achieving a moderate risk profile through prudent management, a group business model dedicated to diverse activities with a universal vocation, diversified by geographical areas, asset types, portfolios and customers, with a strong international presence, both in emerging markets and developed countries, while maintaining a medium/low risk profile in each of them and seeking sustainable growth over time.

Responses to risk:
After assessing any significant risks, the best response to them is defined (mitigate, share/transfer, avoid or accept), depending on the activity and characteristics of each risk.

Internal control and reporting system:
The systems provide the information required to monitor the risk exposures in each business area and for their estimation, as well as the creation of the corresponding management information for decision-making by monitoring the appropriate indicators. In this regard, all employees bear in mind that the information provided on Risk Control and Management must meet the following requirements:

- It is complete, ensuring that all relevant information is transmitted for proper risk control and management.
- It is correct and truthful, ensuring that the information transmitted does not contain errors.
- It creates value by encouraging the development of a culture of risk control and management.
- It is transmitted in an equitable and symmetric manner, meaning that all the recipients of the respective information receive the same information in the same time horizon.
- It is transmitted in a timely manner; that is, as soon as it is known and is relevant for proper risk control and management.

COMPREHENSIVE RISK CONTROL AND MANAGEMENT SYSTEM

GOVERNANCE OF THE RISK FUNCTION

BOARD OF DIRECTORS

Establishes and approves the General Risk Control and Management Policy.

Sets the level of acceptable risk at all times.

Supervises the Comprehensive Risk Control and Management System.

AUDIT COMMITTEE

- Ensures that the different types of risks to which the Group is exposed are adequately identified and assessed, and that the level of risk considered acceptable is defined and set.
- Reviews the measures established to mitigate the impact of the risks, compliance with regulatory requirements, adequate definition of the consolidation scope and proper application of accounting criteria.
- Monitors the effectiveness of the risk management systems and directly oversees the internal risk control and management duties carried out by the responsible areas within the Group.

COMPLIANCE COMMITTEE

Develops, implements and monitors the functioning and operational effectiveness of the Global Compliance Management System, which covers all risks of a non-financial and corporate nature.

EXECUTIVE COMMITTEE

Defines the basic guidelines and framework for action.

Establishes management, monitoring and reporting mechanisms.

CORPORATE INTERNAL AUDIT

Oversees and evaluates the Group's Comprehensive Risk Control and Management System.

Reports system alerts, recommendations and conclusions.

ACS GROUP LISTED COMPANIES

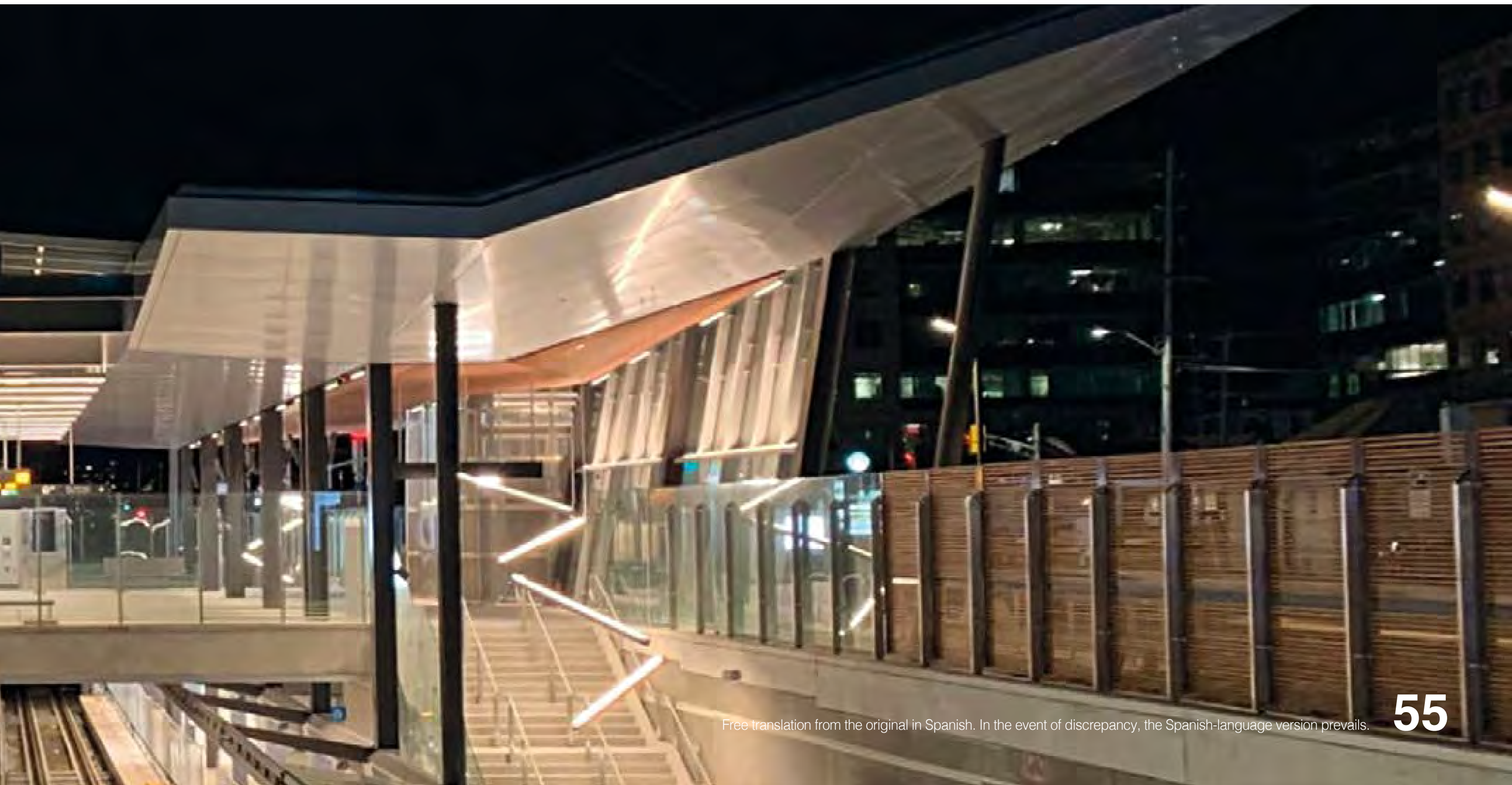
They develop internal regulations in accordance with the specific nature of their activity and implement appropriate internal controls.

They manage the information systems that enable the preparation of the risk map, supervision and assessment of the risk exposures of each business area.

They prepare management reports for decision-making by monitoring the appropriate indicators.

CORPORATE GENERAL MANAGEMENT

Prepares the ACS Group's framework for action in order to standardize the identification, classification, evaluation, management and tracking of the risks of the different divisions and businesses.



The ACS Group Risk Management System identifies, evaluates and updates the various risk scenarios in accordance with the categories of financial and non-financial risk to which the Group is exposed (including contingent liabilities and other off-balance sheet risks), considering the following taxonomy:

STRATEGIC

Risks associated with key long-term objectives of the Business and the ACS Group; they may arise from the Group's own actions, from other key market participants (customers, competitors, regulators, investors or others), from changes in the competitive setting or from the business model itself.

OPERATIONAL

Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

TECHNOLOGICAL

Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.

LEGAL, CRIMINAL AND ANTI-BRIBERY

Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group across the jurisdictions in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.

SOCIAL

Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, as well as the socio-economic setting in which it operates.

ENVIRONMENTAL

Risks linked to potential environmental impacts, including climate change, which could cause harm to society, the environment and the Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.

POLITICAL

Risks associated with political changes that may affect legal certainty and the legal framework applicable to the Group's business.

REPUTATIONAL

Risks linked to the deterioration of the image and perception of the ACS Group, which may result from conduct by the companies that falls below the expectations created among its stakeholders, by the actions of third parties related to the Group or in other areas over which the Group has no control.

RELATED TO CORRUPTION

Risks related to the Organization obtaining an undue advantage of any value (which may be of a financial or non-financial nature) directly or indirectly, in violation of applicable regulations.

FINANCIAL

Risks related to the economic and financial management of the Business and the ACS Group, the variability of the financial parameters to which it is exposed and the financial reporting processes.

Financial risks description, see:
4. Financial Management in 2020

Non-financial risks description, see:
5. Consolidated Non-Financial Information Statement

3. ACS GROUP ACTIVITIES

3.1. INFRASTRUCTURE
3.2. INDUSTRIAL SERVICES
3.3. SERVICES

3.1. INFRASTRUCTURE

THIS AREA COMPRISES CONSTRUCTION ACTIVITY THROUGH DRAGADOS AND HOCHTIEF, AND CONCESSIONS ACTIVITY, PRIMARILY THROUGH IRIDIUM AND THE STAKE IN ABERTIS.

©HOCHTIEF

LEADERS IN INFRASTRUCTURE

This area comprises Construction activity through Dragados and HOCHTIEF, and Concessions activity, primarily through Iridium and the stake in Abertis. The Infrastructure area focuses on carrying out all types of Civil Works projects (activities related to developing infrastructures, such as highways, railways, maritime projects and airports), Building construction (residential buildings, social infrastructure and facilities), infrastructure services (railway, transportation, communications and technology, energy, resources, water and defense sectors), as well as activities related to the mining sector (carried out by CIMIC, primarily in the Asia-Pacific) and the development and operation of transportation concessions.

These projects are carried out either through direct construction models for public and private customers, or through a public-private partnership model where the ACS Group is involved in the entire value chain of the concession business, from the design of the project to its financing, construction, start-up, and operation. The geographical regions with the highest exposure in the Infrastructure area are North America, Asia-Pacific and Europe, primarily operating in markets that are developed and safe from a geopolitical, macroeconomic and legal perspective.

This activity seeks to maximize the operational efficiency and profitability of each project. The decentralized structure of the Infrastructure activity, together with the specialization and complementary nature of each company, enables the ACS Group to take on larger and more complex projects in a more flexible and customer-focused way.

SALES
27,559
MILLION EURO

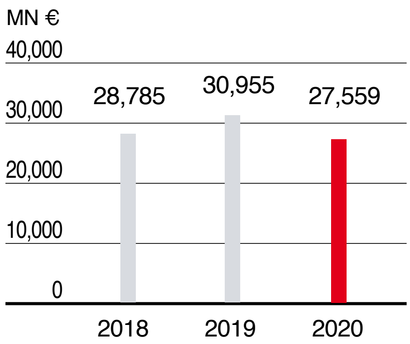
EBITDA*
1,781
MILLION EURO

BACKLOG
57,609
MILLION EURO

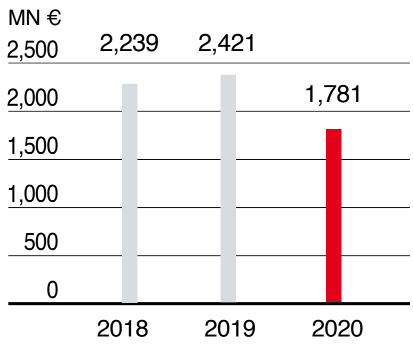
NET PROFIT
99
MILLION EURO

EMPLOYEES
57,597

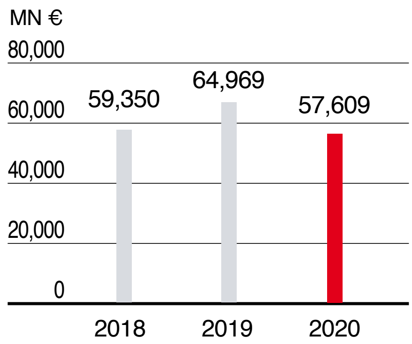
SALES



EBITDA*



BACKLOG



*From 2018–2020, EBITDA includes the "Operational activities equity method": the result corresponding to the partners (including Abertis' contribution to the Group) and joint ventures that make up ordinary activity.

88.70%
EMPLOYEES COVERED BY OHSAS 18001 OR ISO 45001

10,776,649
-10.5% COMPARED TO 2019
ENERGY CONSUMPTION (MWH)

4,684,354
-19.6% COMPARED TO 2019
TOTAL EMISSIONS (TONS OF CO_2)

93.6%
LOCAL EMPLOYEES

81.8%
LOCAL SUPPLIERS

5.4 MN€
INVT. IN SOCIAL ACTION

DRAGADOS

Dragados is a leading construction company founded in the early 20th century, whose activity is oriented toward the development of Civil Works infrastructure (highways, railways, maritime, hydraulic and airport works) and both residential and non-residential Building construction. Dragados is a global leader in the Construction sector, having participated in the creation of more than 7,000 km of highways, 3,500 km of roads, 1,500 bridges, 1,380 km of tunnels, 545 maritime works, 250 dams and hydroelectric plants, 2,700 km of railways, rail transportation and numerous railway facilities and 70 million sq. km of different buildings types, such as airports, hospitals, museums, high-rise buildings and residential buildings.

Dragados is the leading construction company in Spain, with a number of national subsidiaries specializing in different areas. Dragados is also a global leader in construction, in addition to being one of the world's largest contractors in public–private partnerships (PPP), having designed and built more than 100 concession projects worldwide.

Dragados is developing major infrastructure projects in other European countries, such as the United Kingdom, Ireland and Poland, where it is established through its subsidiary, Polaqua. Over the past few years, Dragados has fomented its activity in the United States and Canada thanks to its position and the solid growth of its activity through its North American subsidiaries, Schiavone, Pulice, John P. Picone, Prince Contracting and J.F. White Contracting, and its head companies on the North American continent, Dragados USA and Dragados Canada. Dragados also has extensive experience in the execution of projects in Latin America, with a presence spanning over thirty-five years, especially in Chile and Argentina, where Dycasa operates.

Dragados' position in selected countries allows it to face the immediate future, marked by the COVID-19 pandemic, with a solid base that serves as the foundation for future growth in markets that we expect to have immediate growth once the current situation is overcome.

SALES	BACKLOG	NET PROFIT
4,518 MILLION EURO	11,769 MILLION EURO	107 MILLION EURO

HOCHTIEF is a leading global infrastructure group, through its construction and services and concession/public-private partnership (PPP) activities, focusing primarily on the Australian, North American and European markets.

For almost 150 years, HOCHTIEF has carried out highly complex projects for its customers in its primary area of activity, the construction industry. The Group has also undertaken geographic diversification of its activities and has increased its experience through engineering, mining and maintenance service projects, as well as through public-private partnership and concession projects in both the development phase (Greenfield) and the operation and maintenance phase (Brownfield). Today, HOCHTIEF is a leader in infrastructures in developed markets, and is involved in the entire value chain of the infrastructure sector. This diversification both in terms of activities and markets gives HOCHTIEF a balanced business profile with regard to cash flow visibility, capital intensity and margins.

HOCHTIEF's strategy is to further strengthen its position in its core geographic areas, focusing on the growth opportunities offered by the market, as well as investing in assets that offer strategic growth opportunities for the company, thereby creating sustainable value for all stakeholders.

SALES	BACKLOG	NET PROFIT REPORTED	ACS GROUP CONTRIBUTION TO NET PROFIT REPORTED
22,954 MILLION EURO	45,840 MILLION EURO	427 MILLION EURO	220 MILLION EURO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HOCHTIEF AMERICAS

HOCHTIEF Americas comprises companies that are primarily focused on the areas of building and transportation infrastructure development. Its main companies are Turner, Clark Builders, Flatiron and E.E. Cruz.

Turner, a New York-based company, is a market leader with 117 years of experience in the development of building projects.

In 2020, Turner was once again named by Engineering News-Record (ENR) as the leading contractor in the United States and in Green Building, in addition to leading the ranking in other building segments, thanks to its focus on developing efficient, high-quality projects based on innovation and implementing new technologies, such as Building Information Modeling (BIM).

Clark Builders is focused on building projects, primarily in western and northern Canada, often in collaboration with Turner, including institutional, commercial and healthcare projects, as well as sports facilities.

Colorado-based Flatiron specializes in transportation and infrastructure projects, including bridges, roads, railways/transit, airports, and water storage and treatment facilities. Flatiron is also regularly featured in ENR rankings, where it achieves leading positions in the roads, bridges and transportation categories.

E.E. Cruz is HOCHTIEF's subsidiary in New York and New Jersey.

The overall market outlook is largely stable in North America, with the construction sector as a whole registering 0.4% growth in 2020 despite the impact of COVID-19. Assuming a broadly stable year in 2021, IHS Markit expects a slight growth of 0.8% in 2022. This represents a positive trend in infrastructure projects in 2022, along with a stabilization in building construction volume and residential construction growth.

SALES **14,676** MILLION EURO

NET PROFIT **237** MILLION EURO

HOCHTIEF ASIA PACIFIC

The activities of the HOCHTIEF Asia Pacific division are carried out by the CIMIC Group (in which HOCHTIEF has a 78.58% stake as of December 2020). The CIMIC Group is a leader in construction engineering, mining, services, and public-private partnership contracts, with the expertise to deliver value throughout the entire life cycle of infrastructure and mining assets.

In December 2020, CIMIC completed the sale of a 50% stake in Thiess's share capital. Thiess is a CIMIC subsidiary that provides mining services by developing and managing open-pit and underground mining projects in Australia, Asia, Africa and the Americas. It currently provides services to 25 projects.

The main companies through which CIMIC operates are: CPB Contractors, Sedgman, UGL, Pacific Partnerships and EIC Activities.

CPB Contractors, which also includes Leighton Asia and Broad Construction, is a leading international construction contractor that carries out projects covering all key industry sectors, such as roads, railways, tunnels, defense, construction and infrastructure.

Sedgman is a market leader in the design, construction and operation of state-of-the-art mineral processing plants and in all infrastructure related to mining activity.

UGL offers services for critical assets in energy, water, resources, transportation, defense and security, and social infrastructure, providing value in the operation of these assets.

Pacific Partnerships develops, invests in, and manages infrastructure concession assets for the CIMIC Group, providing customers with end-to-end infrastructure development solutions through public-private partnership models, as well as infrastructure management.

EIC Activities is the CIMIC Group's technical and engineering services business.

CIMIC also has a 47% stake in Ventia, a service company.

In compliance with sustainability criteria for construction projects, CIMIC is undertaking environmental building and infrastructure projects in Australia.

After strict coronavirus containment measures led to a decline in activity in HOCHTIEF-relevant countries in the Asia-Pacific region, future prospects for the market environment are positive. IHS Markit expects a return to strong growth rates exceeding 4% from 2021, with the greatest potential for growth in infrastructure construction.

SALES **6,886** MILLION EURO

NET PROFIT **230** MILLION EURO

HOCHTIEF EUROPE

HOCHTIEF Solutions AG is the managing company of the HOCHTIEF Europe division. HOCHTIEF Europe is focused on construction activities and, in a complementary manner, on concessions, primarily in Germany, Poland, the Czech Republic, Austria, the United Kingdom, the Netherlands and in Scandinavian countries. In Europe, HOCHTIEF focuses on the transportation infrastructure, energy, and social/urban infrastructure markets.

The companies operating in the HOCHTIEF Europe division offer a wide range of services through HOCHTIEF Infrastructure, which is responsible for the construction business, while HOCHTIEF PPP Solutions is involved in project development through public-private partnership (PPP) models in collaboration with other HOCHTIEF subsidiaries.

It also has HOCHTIEF Engineering, which is not only an engineering services provider, but through HOCHTIEF ViCon is also one of the leading providers of services in the field of virtual construction and Building Information Modeling (BIM). Finally, Synexs is actively involved in the management of facilities in the German market.

Construction activity in HOCHTIEF-relevant European countries declined by 2.7% in 2020. At the country level, the main driver of this trend was the severity of restrictions to contain the coronavirus pandemic. The outlook for subsequent years is positive, with growth rates of 2.2% in 2021 and 2.5% in 2022. The highest growth rates during this period are expected in the infrastructure sector, with 2.5% in 2021 and 3.1% in 2022. The non-residential building construction sector is expected to be strong, with growth rates between 1.0% and 2.6% between 2021–2022.

SALES **1,271** MILLION EURO

NET PROFIT **40** MILLION EURO

IRIDIUM

IRIDIUM Concesiones de Infraestructuras is the ACS Group company that focuses its international activity on the infrastructure sector, primarily transportation. As such, stakes in around 50 concession projects, representing an aggregate investment of more than € 30,000 million, are managed through IRIDIUM, primarily involving roads and highways (47% of the investment and more than 1,100 km), and subways and railways (47% of this investment and about 300 km of track under management). Geographically, around 64% of this investment is located in the United States and Canada across 16 projects (10 highways and 6 railway/subway projects), while Europe accounts for more than 20% of this investment across 14 road and highway projects, 4 railway and subway projects, and 12 projects involving public services and facilities, hospitals, parking lots, transportation hubs, etc.

The challenge of fiscal year 2020, continuing on from the previous year, was the management of this portfolio, with the completion of construction, while at the same time many projects faced processes involving the start of operations, refinancing, the need to rotate certain assets, and general management in the context of the health crisis caused by COVID-19. This objective was largely achieved to the extent that:

- The following projects were successfully commissioned: Toll Lanes on State Highway 288 in Texas (USA) and the N25 in Ireland (Europe).

- Two projects were refinanced in Spain: Line 9 Section 4 of the Barcelona Metro and EMESA (Empresa Mantenimiento y Explotación M-30, S.A.) in Madrid.

- There was partial divestment from projects in Spain: Autovía de la Mancha, Inversora de la Mancha, Santiago Brión, Autovía de los Pinares and Autovía del Pirineo, justifying the asset rotation strategy set out by the company. This operation led to a significant reduction in demand-side risk exposure, which is of particular importance in a context of declining mobility due to the COVID-19 crisis.

SALES
87
MILLION EURO

NET PROFIT
33
MILLION EURO

Iridium's Concessions Backlog (more information in Annex 7.4.2.)

abertis

Abertis is one of the leading international operators in toll road management, with over 8,600 km of high-capacity, high-quality roads in 16 countries across Europe, America and Asia. Abertis is the leading national highway operator in countries such as Spain, Chile and Brazil, and also has a major presence in France, Italy, Puerto Rico and Argentina. The company has stakes in the management of more than 200 km of roadway in France, the United Kingdom and Colombia.

Thanks to the internationalization strategy developed by the Group in recent years, more than 70% of Abertis' revenue now comes from outside Spain, with a particularly strong contribution from France, Brazil and Chile.

For Abertis, safety is a priority. The company continually invests in technology and intelligent engineering to ensure that its customers have a safe, comfortable, fast and easy journey when they choose the Group's highways Committed to research and innovation, Abertis combines advances in high-capacity infrastructure with new technologies to drive innovative solutions that meet the challenges of the mobility of the future.

Abertis has been significantly affected by the lockdown and mobility restriction measures implemented in most countries where it operates since the second half of March, causing a 21% decline in average daily traffic and significantly impacting its earnings.

Turnover fell by € 1,300 million and EBITDA by 23% in comparable terms; therefore it has had a negative contribution to ACS's net profit of € (35) million, i.e. € 280 million less than the previous year. Abertis has continued its strategic plan for international expansion by investing in new concessions, trusting that the pandemic situation is short-term, by investing in the purchase of Red de Carreteras de Occidente in Mexico and acquiring Elizabeth River Crossings in Hampton Roads in the United States.

SALES
4,054
MILLION EURO

NET PROFIT
-392
MILLION EURO

ACS GROUP CONTRIBUTION TO NET PROFIT
-35
MILLION EURO

INFRASTRUCTURE

CONSTRUCTION

DRAGADOS
- 100% DRACE infraestructuras
- 100% VIAS
- 100% TECSA
- 100% GEOCISA
- 100% COGESA
- 100% DRAGADOS UK
- 100% POL-AQUA
- 66% DYCASA
- 100% DRAGADOS USA
- 100% DRAGADOS CANADA
- 100% SCHIAVONE
- 100% PULICE
- 100% JFS
- 100% PRINCE
- 100% J.F. WHITE

HOCHTIEF

HOCHTIEF Americas
- Turner 100%
  - 51% CLARK BUILDERS
  - 40% E.E. CRUZ CO. INC. CONTRACTORS / ENGINEERS
- FLATIRON 100%
  - 60% E.E. CRUZ CO. INC.

HOCHTIEF Europe
- HOCHTIEF SOLUTIONS AG
  - HOCHTIEF INFRASTRUCTURE 100%
  - HOCHTIEF ENGINEERING 100%
  - HOCHTIEF PPP SOLUTIONS 100%
  - synexs facility works 100%

HOCHTIEF Asia Pacific
- 78,58% CIMIC
  - CONSTRUCTION: 100% CPB CONTRACTORS; 100% LEIGHTON
  - MINING: THIESS 50%
  - MINING PROCESSING: SEDGMAN 100%
  - SERVICES: UGL 100%
  - PUBLIC PRIVATE PARTNERSHIPS: PACIFIC partnerships 100%
  - ENGINEERING: EIC ACTIVITIES 100%
  - OTHER INVESTMENTS: LEIGHTON PROPERTIES 100%; ventia 47%; Devine GROUP 59%

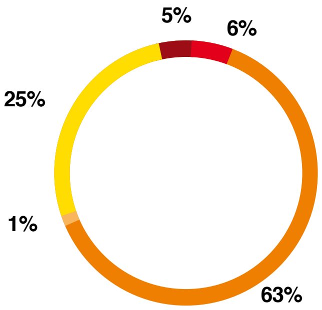
CONCESSIONS

IRIDIUM
- 100% ACS INFRASTRUCTURE DEVELOPMENT
- 100% ACS INFRASTRUCTURE CANADA INC.

ACS 30% / HOCHTIEF 20%
- abertis — Equity Method

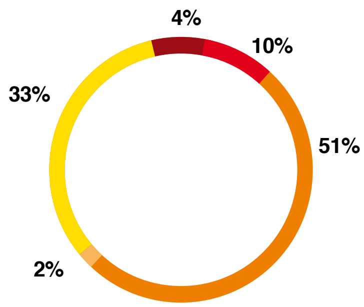
INFRASTRUCTURE ACTIVITY IN 2020

REVENUES BREAKDOWN BY GEOGRAPHICAL AREAS



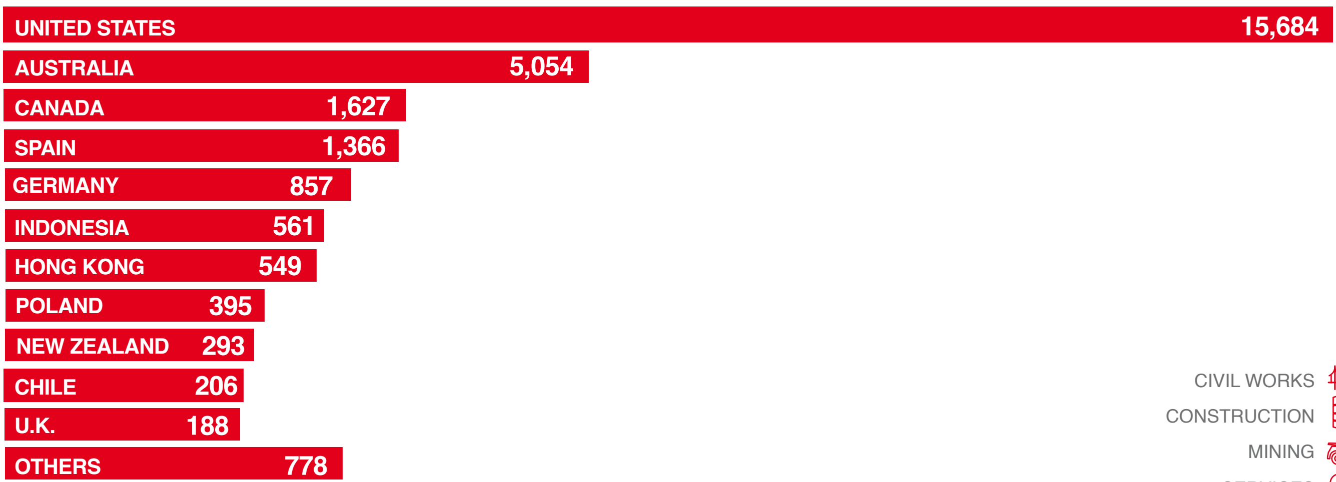
- SPAIN **1,366 MN €**
- REST OF EUROPE **1,707 MN €**
- NORTH AMERICA **17,313 MN €**
- SOUTH AMERICA **324 MN €**
- ASIA PACIFIC **6,763 MN €**
- AFRICA **86 MN €**

BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



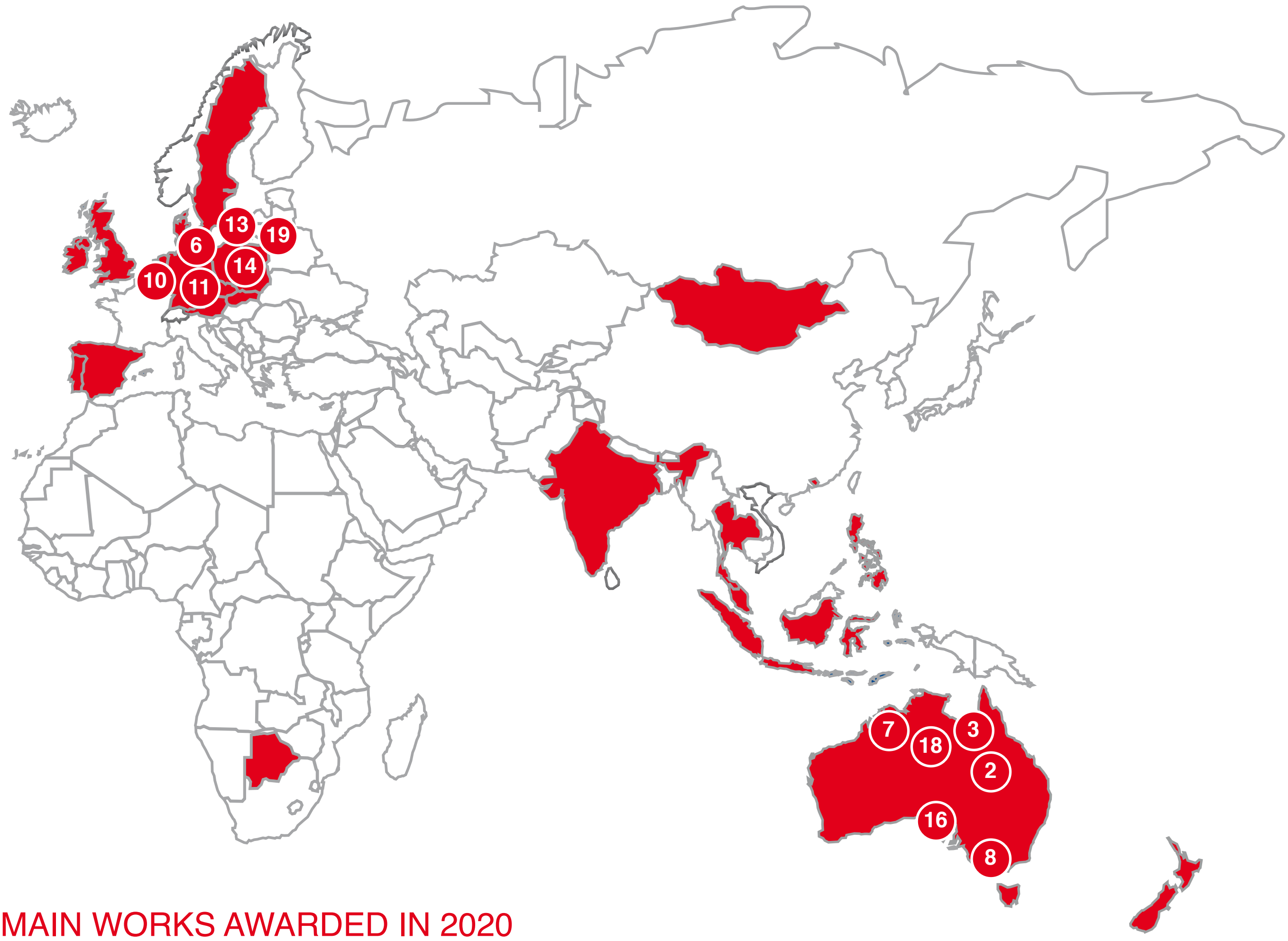
- SPAIN **2,238 MN €**
- REST OF EUROPE **5,975 MN €**
- NORTH AMERICA **29,619 MN €**
- SOUTH AMERICA **856 MN €**
- ASIA PACIFIC **18,921 MN €**
- AFRICA **0 MN €**

2020 REVENUES BREAKDOWN BY COUNTRY (EURO MILLION)



CIVIL WORKS
CONSTRUCTION
MINING
SERVICES

MAIN COUNTRIES WHERE THE ACS GROUP IS DEVELOPING CONSTRUCTION ACTIVITY



MAIN WORKS AWARDED IN 2020

1 UNITED STATES
Construction of a new 1.2 million-square-foot 30-gate terminal at San Diego International Airport, California
VALUE 2,004 MILLION EURO

2 ASIA-PACIFIC
Five-year extension of the contract with the Jellinbah Group for mining services at the Lake Vermont coal mine in Queensland, Australia
VALUE 1,539 MILLION EURO

3 ASIA-PACIFIC
Development of the ASMTI facilities project for the Australian Government's Department of Defense in North Queensland, Australia
VALUE 493 MILLION EURO

4 UNITED STATES
Construction of a new tower and clinical services center attached to the current Wexner Medical Center Hospital. The contact also includes demolition of current premises and parking lots and the construction of two new parking garages in Columbus, Ohio, United States
VALUE 400 MILLION EURO

5 UNITED STATES
Construction of new premises to house all current entities of the Department of Transportation and Volpe Center in a single 13-story, 400,000-square-foot building in Cambridge, Massachusetts, United States
VALUE 376 MILLION EURO

6 EUROPE
Contract for the construction of the 1.4-mile (2.2-km) Altona noise-reduction tunnel on Hamburg's Highway A7, including the access and exit roads. in Germany
VALUE 376 MILLION EURO

7 UNITED STATES
Contract to extend and rehabilitate 53.6 miles of roadway on Highway 50 between Watt Avenue and Interstate 5 in Sacramento, California, United States
VALUE 351 MILLION EURO

8 ASIA-PACIFIC
Maintenance service contracts for UGL customers in the oil and gas sector in Western Australia and Victoria, Australia
VALUE 277 MILLION EURO

9 UNITED STATES
Construction of an 8-mile access pipeline to the waste water treatment plant in Cedar Creek, United States
VALUE 220 MILLION EURO

10 EUROPE
Design and construction of the new section of the Highway A15 project and additional lanes along stretches of Highway A12/A15 in Arnhem, Netherlands
VALUE 195 MILLION EURO

11 EUROPE
Construction of the new A40 bridge over the Rhine River in Duisburg-Neuenkamp, Germany
VALUE 185 MILLION EURO

12 UNITED STATES
Contract for refurbishment of terminals A, B and C at Denver Airport, Colorado, United States
VALUE 182 MILLION EURO

13 EUROPE
Design and construction of 12.1 miles (19.46 km) of Highway S-61 between Prodborze and Sniadowo, Poland
VALUE 176 MILLION EURO

14 EUROPE
Design and construction of 10.6 miles (17 km) of Highway S-3 Swinoujscie-Tronszyn between Swinoujscie and Dargobadz, Poland
VALUE 157 MILLION EURO

15 UNITED STATES
Design and construction to adapt Stony Brook University into an alternative care facility for COVID patients in New York, United States
VALUE 142 MILLION EURO

16 ASIA-PACIFIC
Contract for the development of the Joy Baluch AM Bridge expansion in Port Augusta; the Port Wakefield overpass and highway expansion and the road planning project between Port Augusta and Port Wakefield, Australia
VALUE 139 MILLION EURO

17 UNITED STATES
Building renovation at Austin State Hospital (ASH) in Texas, United States
VALUE 126 MILLION EURO

18 EUROPE
Construction of 7.8 miles (12.49 km) of Highway A2 between Warsaw and Kukuryki, on the stretch between Grę-zów and Swoboda, Poland
VALUE 123 MILLION EURO

19 UNITED STATES
Contract for rehabilitation and improvement of a stretch of Route 210 in Los Angeles, California, United States
VALUE 123 MILLION EURO

20 UNITED STATES
Reconstruction of Taxiway C at Dallas Love Field Airport in Dallas, Texas, United States
VALUE 113 MILLION EURO

ACTIVITY IN 2020

In construction and infrastructure development activity, development of the business model has continued through an increasingly integrated model with a more controlled risk profile based on the following key points:

1. Position in strategic markets

The ACS Group's Infrastructure area performs its different activities primarily in developed markets with the potential for growth and that offer a stable framework in operational, financial and legal terms and where the Group already has a consolidated leadership position.

Accordingly, infrastructure sales in 2020 stood at € 27,559 million with North America (United States and Canada) and Australia together accounting for more than 83% of this, while Europe accounted for 11.2% of sales primarily due to activity in Spain (5%) and Germany (3%).

In the United States and Canada, the ACS Group carries out its construction activities through Dragados, focused on developing civil works projects, and HOCHTIEF Americas' subsidiaries: Turner, the market leader in Construction Management; and Flatiron, which is dedicated to civil works. Sales in this region fell by 5.3% year-on-year to € 17,313 million. At the end of 2020, the backlog in this area stood at € 29,619 million, decreasing by 7.7% year-on-year, primarily impacted by the depreciation of the US dollar.

In the Asia-Pacific region, the Group operates primarily through CIMIC, a HOCHTIEF subsidiary that is listed in Australia. During 2020, sales in the region amounted to € 6,763 million, while the backlog stood at € 18,921 million at year-end, being primarily affected by the stoppage of activity and the widespread delay in the pace of awarding new projects due to COVID-19.

In Europe, the Group operates through Dragados and the HOCHTIEF Europe division, which carry out civil engineering and construction activities, as well as building activities. Sales amounted to € 3,072 million and the backlog stood at € 8,213 million, remaining practically stable due to a 20.6% growth in German production and the stability of activity in Spain (+0.5%) year-on-year.

2. Value chain integration

The Group has maintained a leadership position within the infrastructure development sector for more than 10 years, with solid positioning throughout the entire value chain in the development and operation of infrastructure, especially transportation.

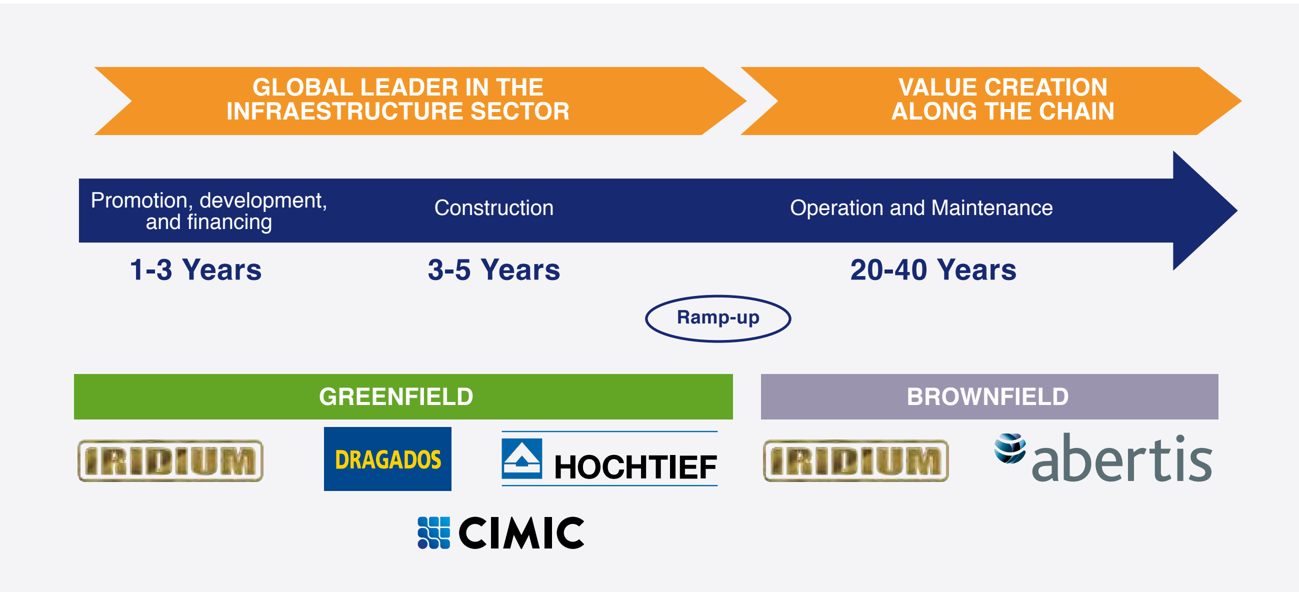
The Group has three companies dedicated to developing both transportation and social infrastructure concession projects: Iridium, HOCHTIEF PPP and the CIMIC subsidiary Pacific Partnership. This positioning in the area of concessions was strengthened in 2018 by the acquisition of a significant stake in Abertis, which enabled the ACS Group to increase its presence in the sector.

Throughout 2020, the “Greenfield” infrastructure development companies, i.e. Iridium, HOCHITEF PPP and Pacific Partners, continued to seek development opportunities in more specialized markets, primarily North America, Northern Europe and Australia, where there is higher growth and greater stability. For example, in North America, Iridium has an aggregate investment of more than € 18,000 million and is prequalified for 10 projects in 2021 (7 in Canada and 3 in the US), which include the Quebec City Tramway Project in Canada and the expansion of the State Route 400 freeway in Georgia and the expansion of the North Corridor Metrorail in Miami, Florida in the United States.

Abertis, supported by its strategic partners Atlantia, HOCHTIEF and ACS, completed the acquisition of Mexico’s RCO (Western Highway Network) in June. In December 2020, Abertis and Manulife Investment Management completed the acquisition of 100% of Elizabeth River Crossings (ERC) in Hampton Roads, Virginia, for approximately € 1,000 million, leaving Abertis with a 55.2% stake in the purchasing consortium. The integration of this asset will strengthen Abertis’s growth platform in the United States and facilitate the analysis of future opportunities.

As of 2020, the Group’s backlog has 90 concession assets, of which approximately 70% are in operation.

These assets represent a total managed investment of over € 53,000 million and the investment committed by the ACS Group in these projects amounts to € 1,000 million, approximately two thirds of which has already been disbursed.



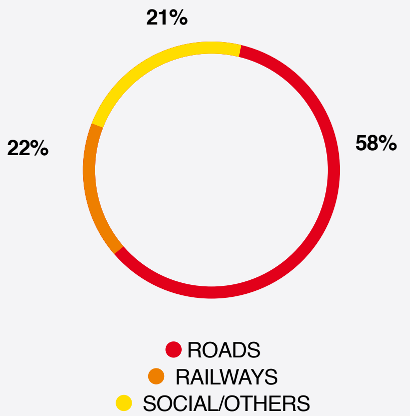
ACS GROUP INFRASTRUCTURE CONCESSION BACKLOG

CONCESSIONS
90
70% EXPLOITATION / 30% CONSTRUCTION

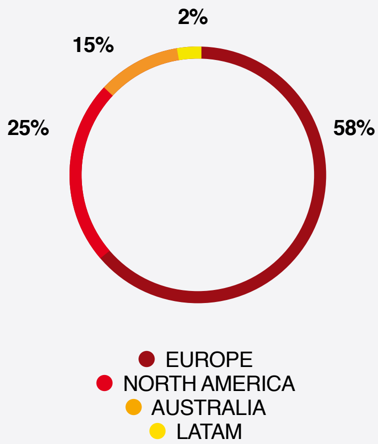
TOTAL INVESTMENT MANAGED
53,400 €MN

COMMITTED EQUITY
1,000 €MN

COMMITTED EQUITY BY TYPOLOGY
(NUMBER OF CONCESSIONS)



COMMITTED EQUITY BY GEOGRAPHY
(NUMBER OF CONCESSIONS)



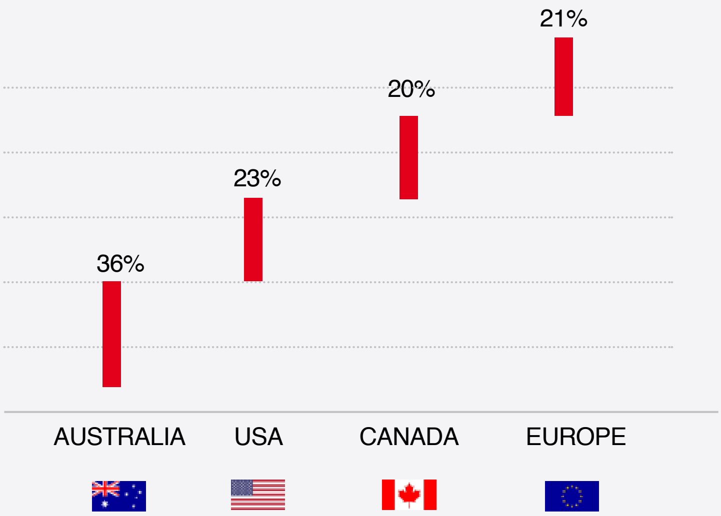
IRIDIUM

HOCHTIEF PPP SOLUTIONS

PACIFIC partnerships

The ACS Group has also identified a pipeline of more than 150 PPP projects with a total value of € 225,000 million to be developed over the next four years. These projects are located in the Group's strategic regions where it has a greater presence, and have a very positive growth outlook for the infrastructure sector.

2020 PPP PROJECTS PIPELINE BREAKDOWN



+150
IDENTIFIED PPP INFRASTRUCTURE PROJECTS

225,000 €MN

FEATURED PROJECTS

N25 NEW ROSS BYPASS

CLIENT
Transport Infraestructure Ireland (TII) / N25 New Ross Bypass PPP Co

PROJECT EXECUTION DATES
January 2016–January 2020

LOCATION
New Ross, County Wexford. Ireland

CONTRACT TYPE
Dragados: Highway

Iridium: Concession with availability payments

AMOUNT
146 million euros

COMPANIES INVOLVED IN THE PROJECT
DRAGADOS IRELAND LTD 50% - BAM CIVIL 50% - IRIDIUM

The APP N25 New Ross Bypass project consists of a 14-km highway with two lanes in each direction serving as a beltway around the city of New Ross in southeast Ireland. It was built by the construction company "New Ross Bypass J.V." (50% DRAGADOS), with an investment of € 146 million. IRIDIUM, with a 50% stake in the concession holder, is responsible for the financing, construction and operation of the N25 New Ross Bypass project. IRIDIUM has the same percentage stake in the operating company.

The beltway begins at a junction with the current N25 in Glenmore, Co. Kilkenny before crossing the Barrow River. The project's unique feature is the Barrow River Bridge, whose official name is the Rose Fitzgerald Kennedy Bridge, in memory of the mother of President John F. Kennedy, whose family was originally from the area where this unique structure is located. It is a 3-tower, extradosed bridge spanning approximately 900 m from Pink Point in Kilkenny County to Stokestown in Wexford County, and continues on to link to the N30 at Corcoran's Cross. It is not only the longest bridge in the Republic of Ireland, with its two 230-m central spans, it set the world record for the bridge with the longest span.

The project began operation in January 2020, when the concession holder began receiving monthly availability payments from Transportation Infrastructure Ireland (TII). IRIDIUM, together with its partner BAM Civil, has a 50% stake in an operating consortium that is responsible for operation and maintenance activities during the infrastructure project's 25 years of operation (until 2045).

HAMPTON ROADS BRIDGE-TUNNEL (HRBT) EXPANSION PROJECT

CLIENT
Commonwealth of Virginia / Virginia Department of Transportation (VDOT)

PROJECT EXECUTION DATES
April 2019–November 2025

LOCATION
Cities of Hampton and Norfolk, Virginia, USA

AMOUNT
2,796.69 million euros.

COMPANIES INVOLVED IN THE PROJECT
Hampton Roads Connector Partners CJV (Dragados - 42%, Vinci Construction - 28%, Flatiron Constructors - 25%, Dodin Campenon Bernard - 5%) and I-64 Design JV (HDR and Mott MacDonald)

The Hampton Roads Tunnel-Bridge (HRBT) Expansion Project is the largest construction project in Virginia's history. Including the construction contract, owner costs, and contingencies, the total project budget is $ 3,800 million, making it one of the largest transportation infrastructure projects in the United States.

This mega-project is made possible by unprecedented cooperation between the seven independent cities that make up the Hampton Roads region of East Virginia. In April 2019, the Commonwealth of Virginia signed a Financing and Management Project Agreement with the Hampton Roads Transportation Accountability Commission and signed a Comprehensive Agreement with Hampton Roads Connector Partners, the joint venture construction company that will design and build the 10-mile expansion works.

Hampton Roads Connector Partners (HRCP), the joint venture project construction company formed by Dragados, Vinci Construction, Flatiron Constructors and Dodin Campenon Bernard, is currently in the design and pre-construction phase of the project. Construction began in the second quarter of 2020, and is expected to be completed in November 2025.

The I-64 corridor between the cities of Hampton and Norfolk (the latter being home to the largest U.S. Navy base) is one of the most congested in Hampton Roads, with traffic exceeding 100,000 vehicles a day during peak summer hours. The HRBT expansion project was commissioned by the Virginia Department of Transportation (VDOT) to increase capacity, alleviate major traffic jams, improve travel time reliability and safety, update transportation management systems, and support emergency evacuation.

The current Hampton Roads I-64 Tunnel-Bridge is a 3.5-mile structure with two 7,500-foot-long, two-lane submerged tube tunnels connecting artificial islands in the James River with trestle bridges on the banks of Hampton and Norfolk. The first two-lane HRBT tunnel was opened in November 1957 and the second opened in November 1976.

The HRBT expansion project will extend 8 km of the current I-64 four-lane stretches in both Hampton and Norfolk to six lanes plus two part-time shoulder lanes. It will also build two drilled two-lane tunnels west of the current tunnel running eastward and build/replace or expand 27 bridge structures along the project corridor.

SOFI
STADIUM

HOME OF NFL TEAMS
Los Ángeles Rams and Los Ángeles Chargers

PROJECT EXECUTION DATES
November 2016–August 2020

LOCATION
Inglewood, CA, USA

AMOUNT
1,062 million euros

COMPANIES INVOLVED IN THE PROJECT/CONTRACT
Turner/AECOM Hunt JV
(Turner share 50%)

The SoFi Stadium in Inglewood, California was completed in 2020. The state-of-the-art stadium completely reimagines the fans' experience.

In the future, SoFi Stadium will also host other major events with audiences of up to 100,000 people, such as Super Bowl LVI in 2022, and the opening and closing ceremonies of the 2028 Summer Olympics.

The stadium features the world's largest immersive video screen, with 80 million pixels providing a clear view of the action. The display is 110 m long and weighs almost 1,000 tons.

A characteristic feature of the stadium is the open, semi-transparent roof, covering an area of approximately 93,000 sq. m.

3.2. INDUSTRIAL SERVICES

ONE OF THE MAIN GLOBAL COMPETITORS IN APPLIED INDUSTRIAL ENGINEERING SECTOR

AN INDUSTRY LEADER

The Industrial Services area is focused on applied industrial engineering, through the development, construction, maintenance and operation of energy, industrial and mobility infrastructures, as well as water-related and environmental infrastructure. These projects are carried out for both public and private customers, and, in many cases, the Group's companies provide financing solutions, including shareholder participation in ownership of the constructed infrastructure.

Thus, thanks to the large group of companies through which it operates, the Industrial Services area is one of the world's leading competitors in the field of Applied Industrial Engineering, with projects in over 60 countries.

The vast majority of activities in the area of Industrial Services are directly or indirectly related to achieving the United Nations Sustainable Development Goals.

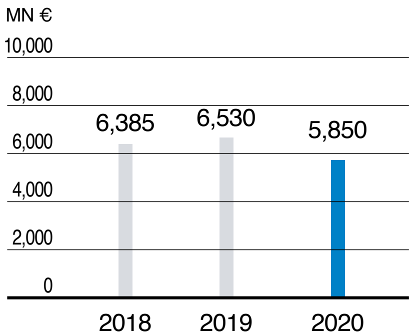
SALES
5,850
MILLION EURO

EBITDA
661
MILLION EURO

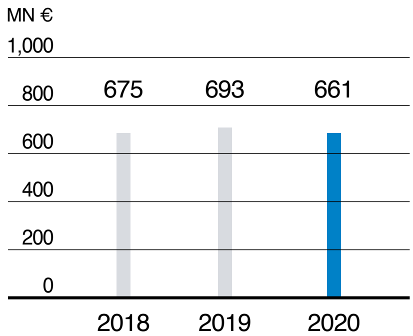
BACKLOG
8,916
MILLION EURO

NET PROFIT
312
MILLION EURO

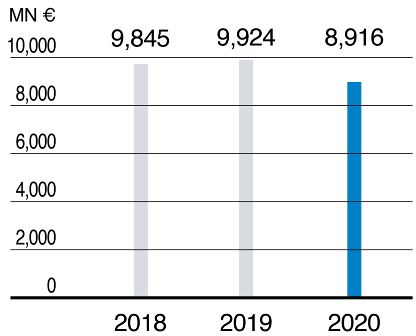
SALES



EBITDA*



BACKLOG



*From 2018–2020, EBITDA includes "Consolidation of operational activities".

5.84
1.8% COMPARED TO 2019
FREQUENCY INDEX**

32.9 MN€
-21.2% COMPARED TO 2019
INVESTMENT IN HEALTH AND SAFETY

90.9%
OF EMPLOYEES TRAINED IN HEALTH AND SAFETY DURING THE YEAR

2,068,461
-9.2% COMPARED TO 2019
NUMBER OF HOURS OF TRAINING IN HEALTH AND SAFETY

14.5 MN€
INVESTMENT IN R&D

82
NUMBER OF R&D PROJECTS

**Frequency index: Number of accidents during the workday for every million hours worked.

Companies in the Industrial Services area cover several types of infrastructure with a strong industrial engineering component:

Energy

Generation, transmission, storage, demand management, sale and distribution of electricity, in many cases as contractors for owners of projects or assets.

In terms of electricity generation, the Industrial Services area is heavily focused on renewable energies, especially solar photovoltaic, solar thermal, onshore and offshore wind, hydroelectric, biomass, etc.

Also, in the area of Industrial Services, it is among the leading companies in the transmission sector, developing line projects across all voltages, including both AC and DC 800 kV; in addition, AC/DC converter substations are being built in association with level-one OEMs.

The Group's companies work for power distributors in many countries, addressing the expansion, digitization and maintenance needs of their networks.

Other Group companies carry out high energy efficiency electromechanical installations in all types of buildings, industries and public spaces, as well as maintenance and, where appropriate, rehabilitation and improvements associated with these installations.

Environment

The Industrial Services area has seen increased activity in the Environment sector, especially in all aspects related to the water cycle, developing desalination plants, drinking water production plants, wastewater treatment and water regeneration for reuse.

The Group frequently participates in the financial structuring of projects and in the takeover of concession holders' shareholdings, when this is required for executing a project.

In addition, capture, pumping and irrigation systems are carried out.

Group companies undertake the dismantling of nuclear or radioactive plants or facilities, as well as the recovery of contaminated land.

Group companies are working on major innovations for the future of the water cycle and for its interrelationship with energy and food production (NEXUS).

Mobility and Urban Services

The Industrial Group is one of the world's major mobility leaders, with heavy activity in traffic control centers and facilities, fleet control for public transportation, electric vehicle recharging, road signage, highway control, parking control, etc.

Urban services provides a wide range of services for municipalities, such as public lighting, outdoor parking control, accessibility systems and underground parking management. The Group's companies actively collaborate in the progressive development of Smart Cities with the application of digital technologies to optimize multiple services.

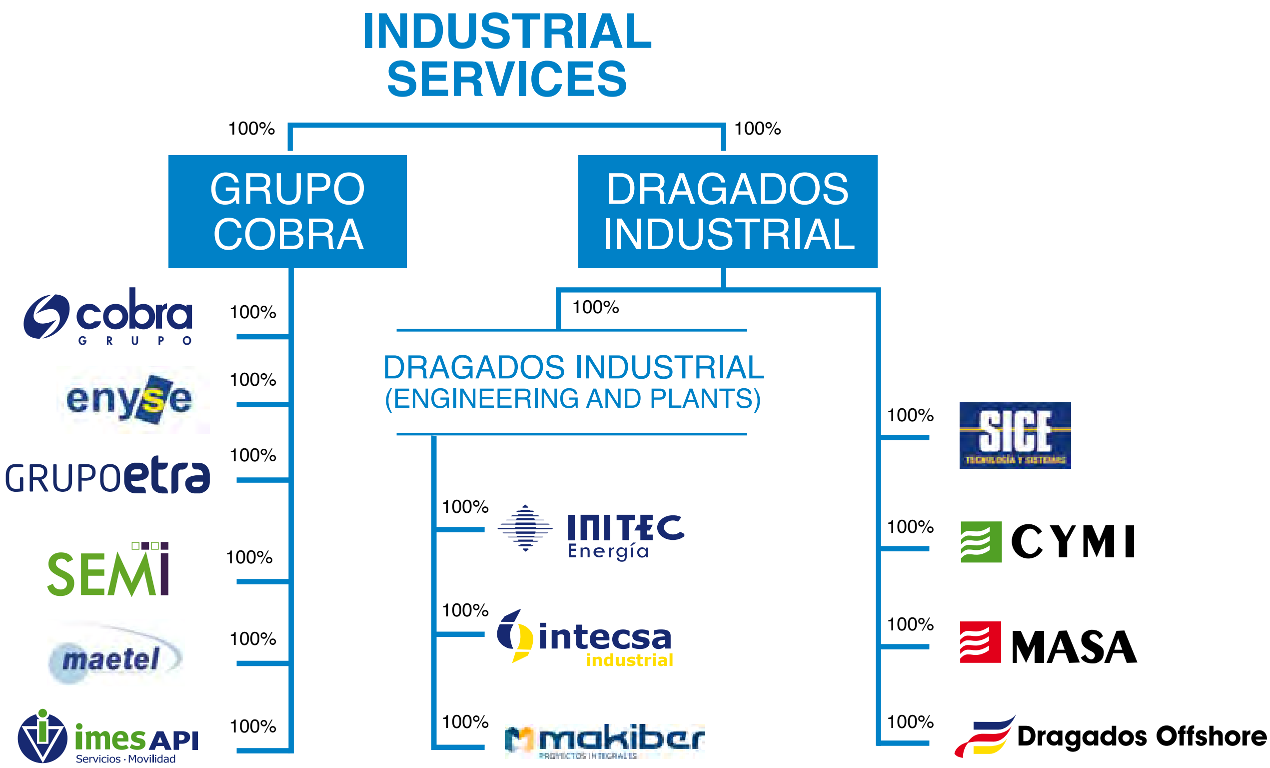
Multi-sectoral Project Development

The Group has activities in Health and Education, through the construction of medium-sized hospitals and educational centers in emerging and developing countries.The companies in the area work for Communications Operators in several countries, as well as in Security and Control Systems.

In addition, the group has a presence in all kinds of manufacturing industries facilities and their maintenance, such as the automobile, petrochemical, pharmaceutical industries, as well as extractive sectors, such as mining and O&G.

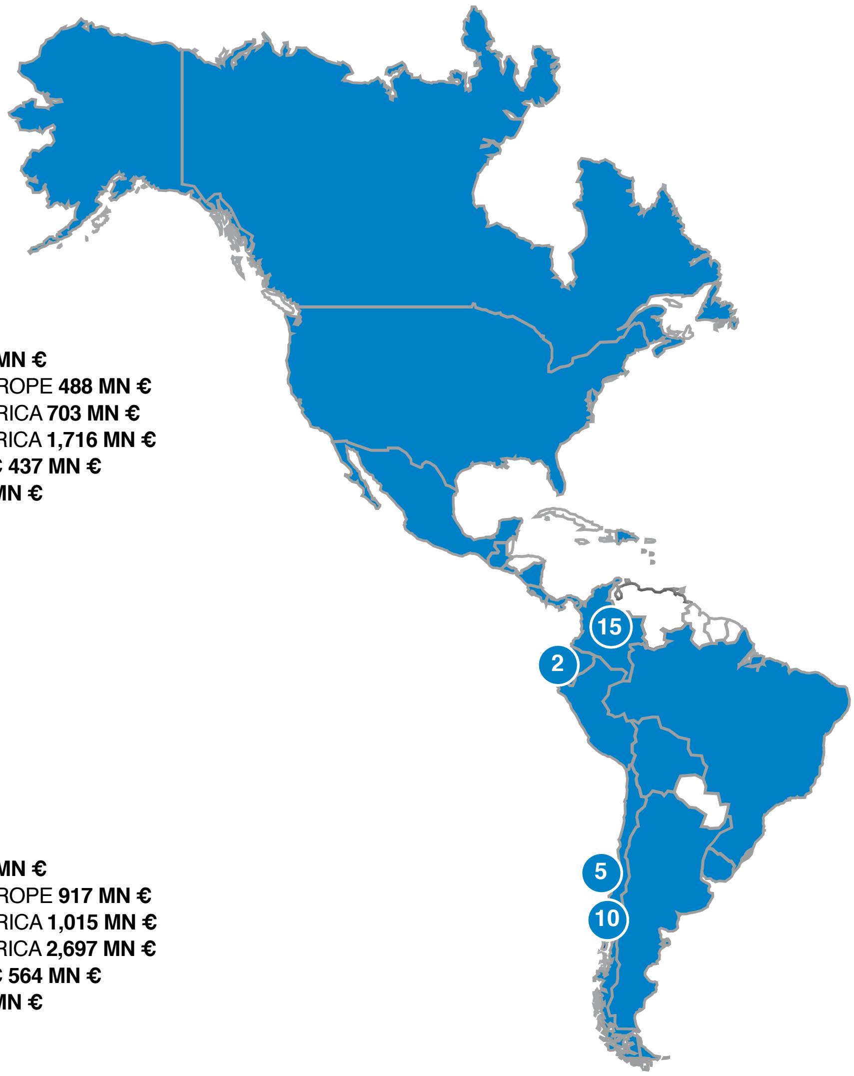
We work as shipbuilding subcontractors and we make maritime devices for all kinds of offshore plants, as well as modular plants to be installed in inhospitable and remote locations.

These activities are distributed among the different companies that comprise the parent companies of the industrial services activity: the Cobra Group and Dragados Industrial, two leading business groups in their sector with proven experience of over 50 years. For example, 2019 marked one hundred years since the creation of SEMI, and 75 years since the creation of Cobra and 2021 will mark one hundred years since the creation of SICE.

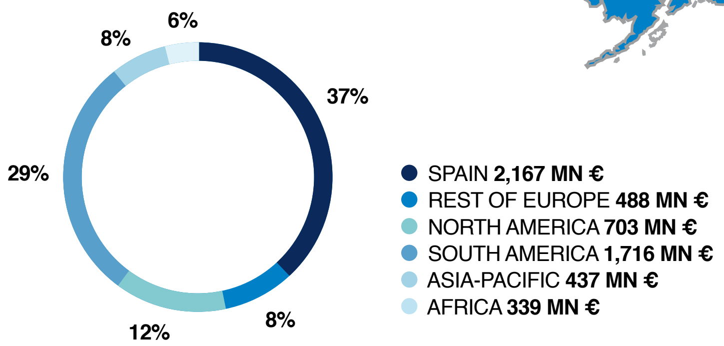


For more information:
4.6. Evolution of the Industrial Services business area

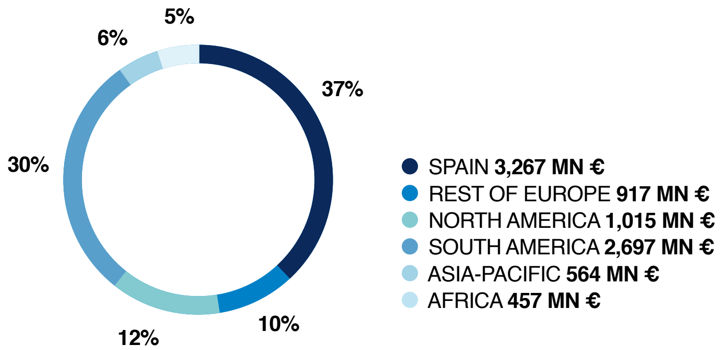
THE ACS GROUP'S INDUSTRIAL SERVICES ACTIVITY IN 2020



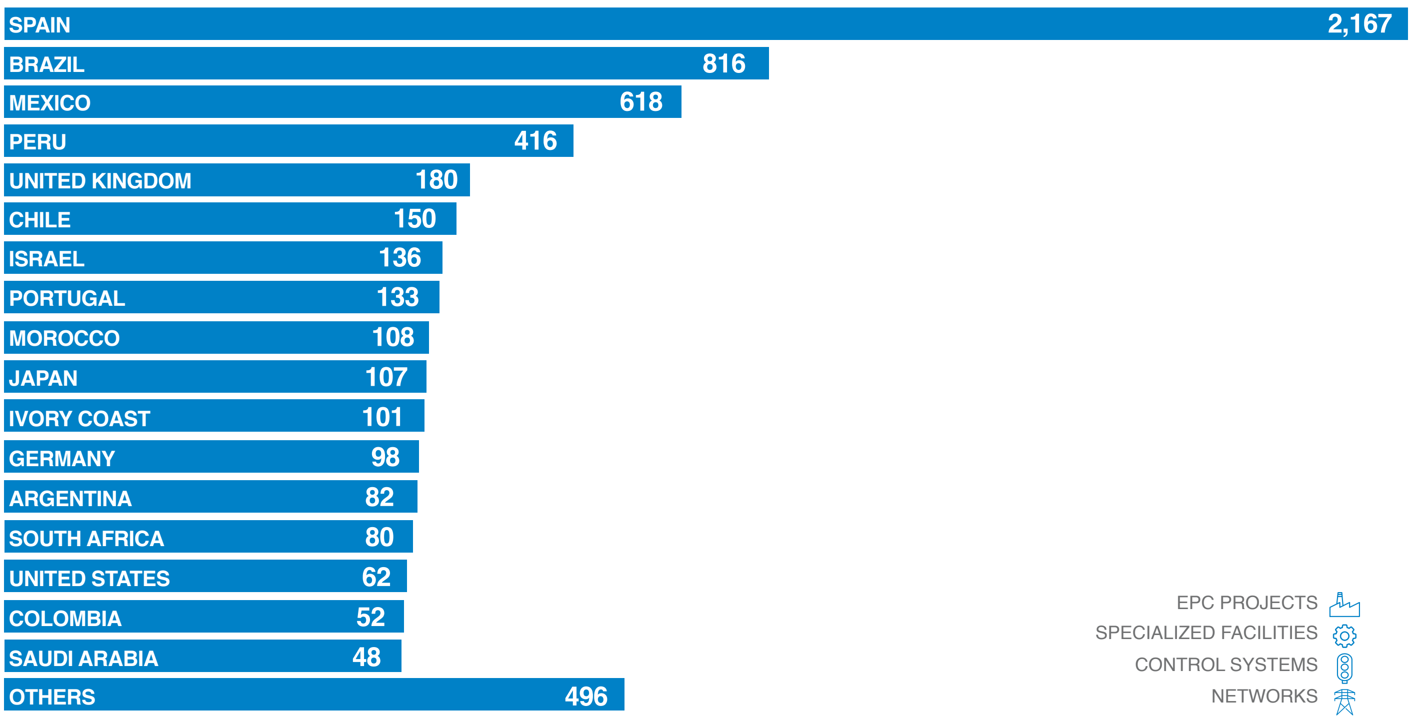
REVENUES BREAKDOWN BY GEOGRAPHICAL AREAS



BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS

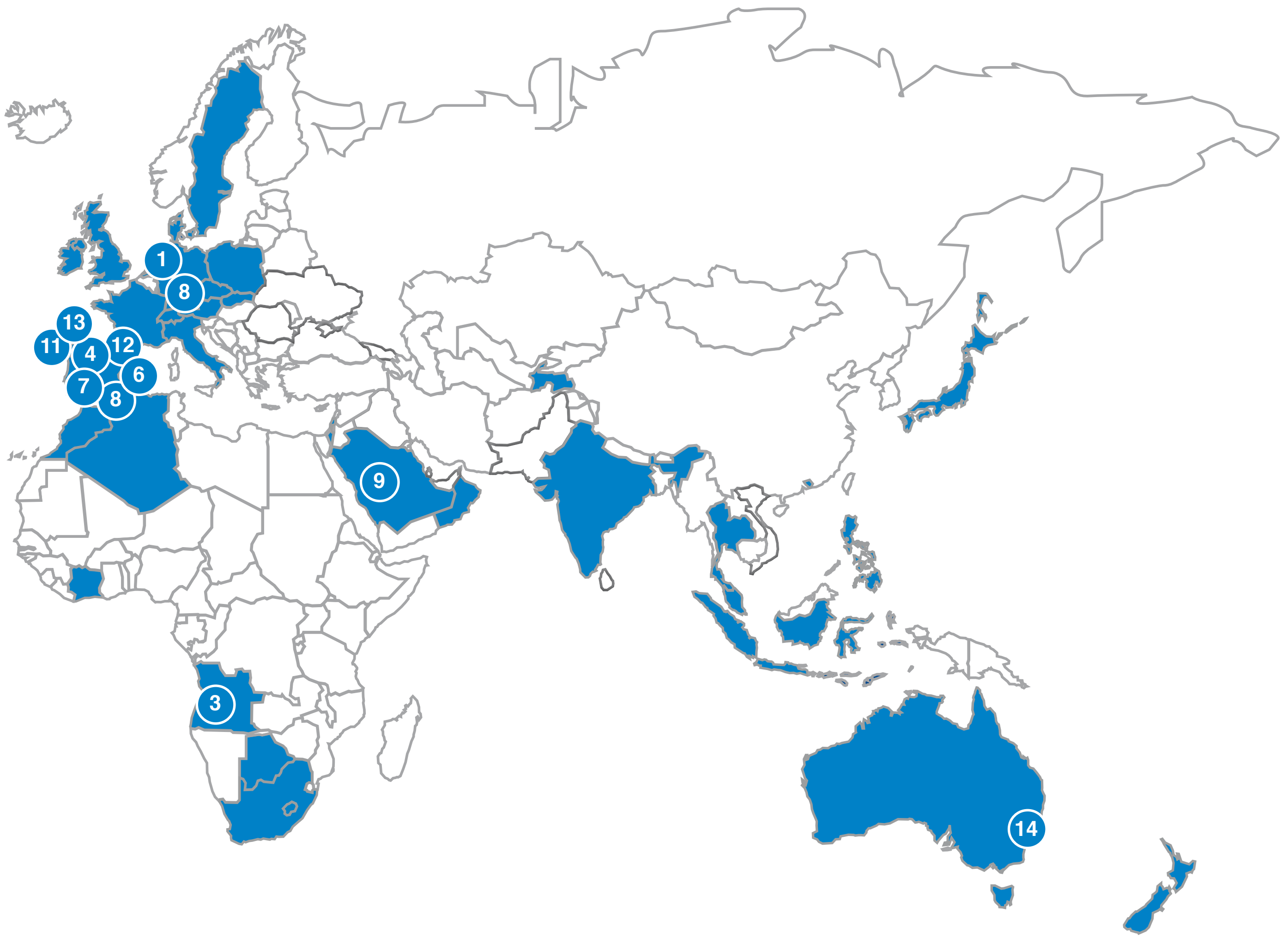


2020 REVENUES BREAKDOWN BY COUNTRY (MN EUROS)



EPC PROJECTS
SPECIALIZED FACILITIES
CONTROL SYSTEMS
NETWORKS

MAIN COUNTRIES WHERE THE ACS GROUP IS DEVELOPING INDUSTRIAL SERVICES ACTIVITIES



MAIN WORKS AWARDED IN 2020

			Value (million euro)
1	EUROPE	Development of the Borwin 5 project consisting of an offshore platform that converts wind power to electric power (HVDC) in the North Sea (Germany)	364
2	LATIN AMERICA	Installation of the 110-MW Villonaco Wind Farm in Loja, (Ecuador)	125
3	AFRICA	Design, construction, setup and maintenance of two new Provincial Hospitals in Cuanza, (Angola)	102
4	SPAIN	A complete service contract with Naturgy for the construction and maintenance of distribution networks, the reading of meters and service orders (Spain)	42
5	LATIN AMERICA	Contract to carry out installation work for the 156-MW De Puelche Wind Farm (Chile)	32
6	SPAIN	Construction of a logistics center for the P3 Logistic Park in Onda, Castellón, Valencia (Spain)	30
7	EUROPE	Contract with Telxius Towers for the planning and construction of telecommunications base transceiver stations (BTS) (Germany)	27
8	SPAIN	Maintenance contract and auxiliary works for the electrification facilities on Spain's ADIF conventional rail network (Spain)	26
9	ASIA AND THE MIDDLE EAST	System for the operation and maintenance of electric buses at King Saud Bin Abdulaziz University in Riyadh, (Saudi Arabia)	23
10	LATIN AMERICA	Contract to expand the capacity of transmission lines between Monterrico-Cocharcas and Charrúa-Chillán, (Chile)	22
11	SPAIN	Contract with Vodafone to rollout its 5G cellular network in Spain	20
12	SPAIN	Contract for mechanical installations, air conditioning and other projects in two Amazon warehouses in Huesca and Zaragoza, (Spain)	18
13	SPAIN	Contract for gas meter reading service in Spain	17
14	ASIA-PACIFIC	Contract for the design, supply, testing and commissioning of Intelligent Transport Systems (ITS) for the Rozelle Interchange project, encompassing approximately 4.3 miles (7 km) of tunnels included in the WestConnex project in Sydney, Australia	17
15	LATIN AMERICA	Loop contract for line and internet installation with Telefónica (Colombia)	15

ACTIVITY IN 2020

The strategy of the Industrial Services area is based on three fundamental points that have continued to contribute to the advancement and consolidation of the leadership of these companies in their sectors in 2020, despite the inevitable impact of the COVID-19 pandemic. These key points are:

1 TERRITORIAL DIVERSIFICATION

Territorial diversification is one of the greatest assets of the Industrial Services area.

Consolidation in today's geographic markets and penetration into new markets are essential for medium- and long-term growth and stability.

Accordingly, in addition to having a strong presence on the Iberian Peninsula, the group is also expanding in other European countries, both in developing unique projects and in recurrent activities, especially in the United Kingdom, Italy, Germany, Romania and other Eastern European countries.

In the Americas, it sustains a high level of activity in Mexico, the Andean Zone, Brazil, the Southern Cone and in Central America, while continuing its consolidation in the Caribbean.

In the Asia-Pacific, major projects are being worked on, especially in water and renewables. It continues to have a significant presence in the Middle East. In Central Asia, some significant specific projects are being developed. Similarly, it has a continuing presence in Australia and New Zealand, especially in urban mobility activities.

In recent years, significant penetration has been taking place in Africa, especially through the permanent office in South Africa, but there is also work in many African countries, both in the Maghreb and Sub-Saharan Africa.

2 PERMANENT ADAPTATION TO THE ACCELERATED EVOLUTION OF TECHNOLOGY AND MARKETS

One of the main business drivers in the world of industrial engineering is energy and environmental sustainability, among which are the accelerated development of renewable energies, energy efficiency services and flexibility services for the balancing of electrical systems and the reliability of electricity supply. In this regard, the Industrial Services area occupies a privileged strategic position as a leading company in the implementation of integrated onshore and offshore wind energy projects, and has a growing presence in major thermosolar and photovoltaic projects around the world. It is also one of the leading regional hydroelectric companies in Latin America.

In addition, in the coming years, the sector will benefit from the evolution and implementation of new technologies. The Industrial Services area is in a good starting position thanks to several of its business units, whose activity is closer to ICTs, Big Data, Artificial Intelligence, advanced communications, etc. The monitoring and implementation of these technological advances, both to improve internal processes and to deliver greater value to customers, are the main challenges the Group is working on. Our companies are creating Innovation and Technology groups, and even specialized subsidiaries, and are participating in dozens of Innovation Projects, in many cases with financial support from the European Commission or from national or regional programs in the territories where we operate. Increased budget allocations to support innovation should serve to assist our companies in accelerating their progress in this field.

3 CONCESSIONAL ACTIVITIES

Finally, an important factor in the area of Industrial Services is the coexistence of strong investment demand in energy and environmental infrastructures.

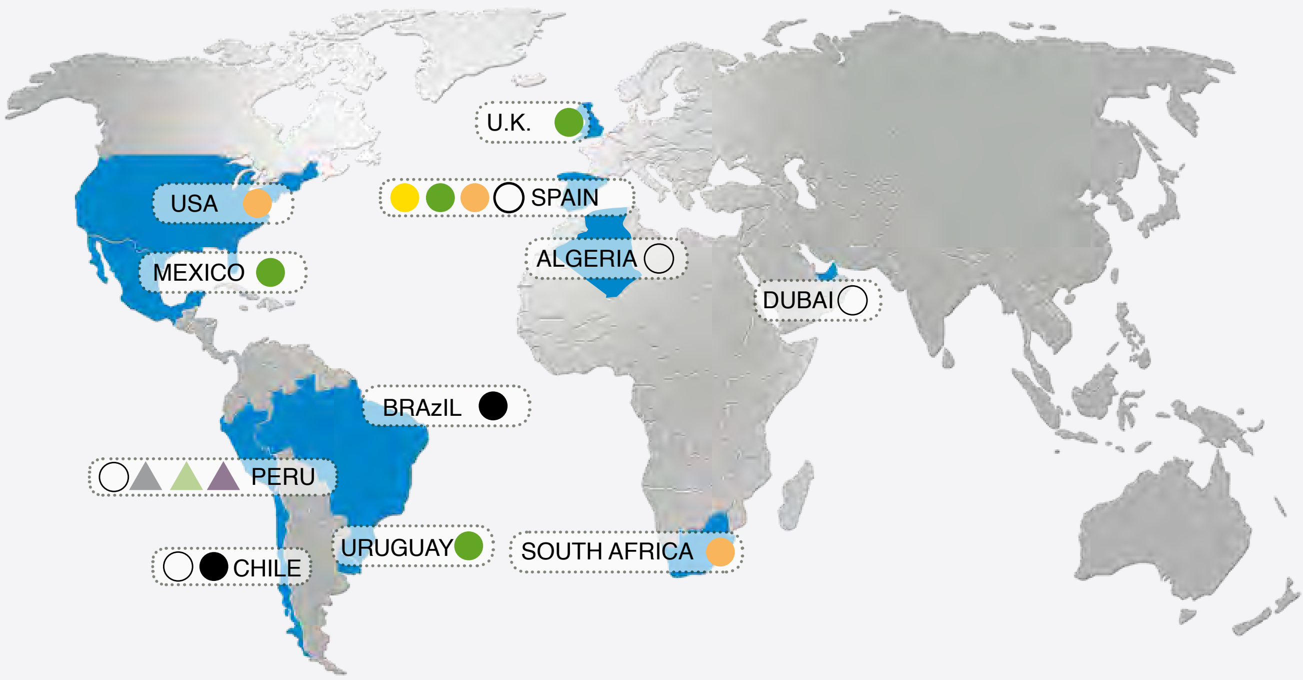
ACS's reliability, experience and reputation as a guarantor of technical success in terms of time, price and performance compliance, makes the Group's companies leading partners for many major international investors and allows them to consolidate as developers and integrators of concessional projects in both energy (renewable generation, electricity transport, sustainable transport) and environmental activities (desalination plants, drinking water production plants, purification plants).

Following the sale of a large part of our renewable portfolio to GALP, the Industrial Group continues to develop a significant pipeline of renewable energy generation projects, some of them already committed for sale upon completion. In addition to renewable energy generation projects, transmission line concessions, desalination, irrigation and water purification projects, and other energy and environmental assets are being developed.

The group's policy is very flexible in terms of earmarking these assets, always aimed at maximizing shareholder value.

COMPETITIVE POSITION IN THE ENERGY SECTOR

TOTAL INVESTMENT 5,513 €MN | **ACS CONTRIBUTION 1,380 €MN**



RENEWABLE ENERGY	3,657 MW*
47 PV PLANTS	2,995MW
8 WIND FARMS	412 MW
3 THERMOSOLAR PLANTS	260 MW
1 HYDROELECTRIC PLANT	20 MW

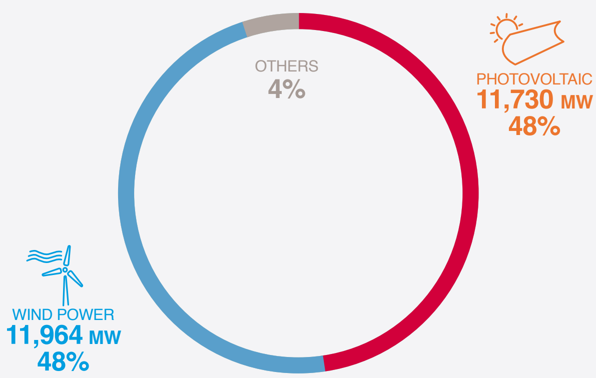
12 TRANSMISSION LINES	5,842 KM
7 DESALINATION/ PURIFIERS	1,666 KM^3/DAY
1 COMBINED CYCLE	230 MW
1 IRRIGATION PROJECT	52,5 K HA

* Includes assets sold to Galp in January 2020.

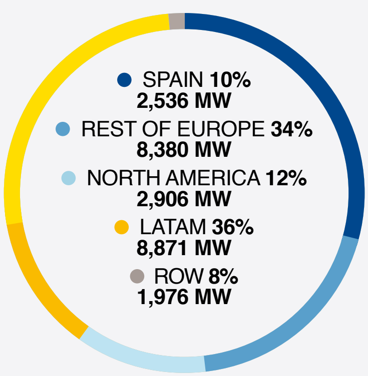
GROWING SECTORS: PIPELINE IN THE RENEWABLES MARKET*

25 GW OF PROJECTS UNDER DEVELOPMENT

BREAKDOWN BY TYPOLOGY



BREAKDOWN BY GEOGRAPHY



* After renewable's sale operation.

FEATURED PROJECTS

BORWIN5 OFFSHORE HVDC CONVERTER STATION AND JACKET

CLIENT
Tennet

PROJECT EXECUTION DATES
August 2020–May 2025

LOCATION
North Sea, Germany

CONTRACT TYPE
EPCIC

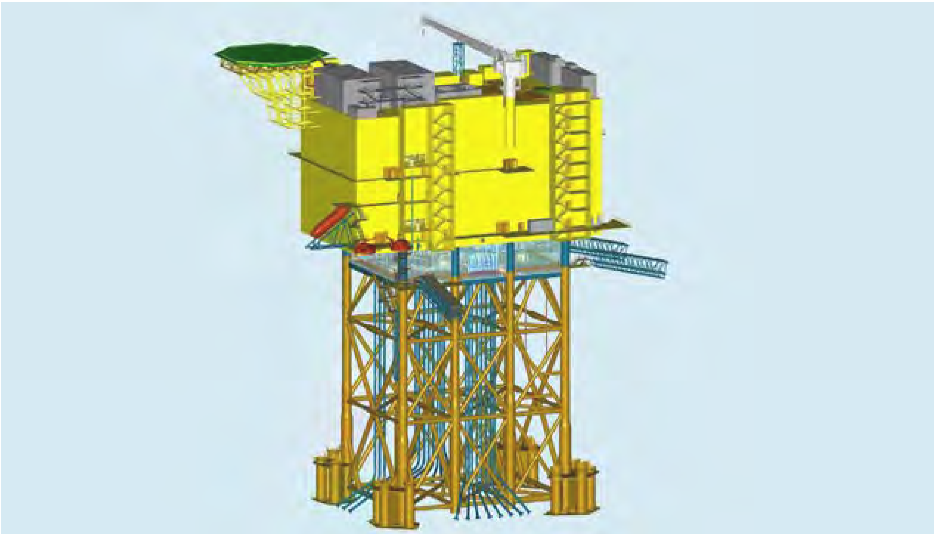
AMOUNT
363.84 million euros

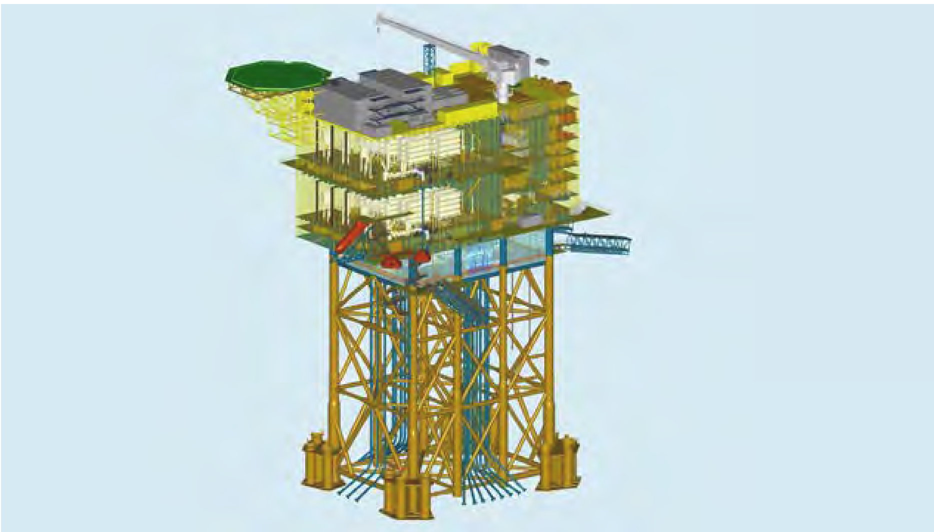
COMPANIES INVOLVED IN THE PROJECT
Dragados Offshore, S.A.

PROJECT DESCRIPTION
EPCIC project in partnership with Siemens for a HVDC substation platform for Tennet's BorWin5 project.

The 900-megawatts offshore substation converts the electrical power from the wind turbines supplied via 66-kV alternating-current high-voltage lines into 320-kV high-voltage direct current, which is sent to the onshore substation via a 110-km long underwater line.

Dragados Offshore is responsible for the offshore platform (detail and design engineering, supply, manufacturing and construction, transportation and installation of the platform and the jacket), while Siemens is responsible for the design and supply of the onshore HVDC substation. The combined projects weight approximately 12,000 tons, while the jacket supplied by Dragados Offshore weighs approximately 7,000 tons.





For further information:
Website (www.grupoacs.com)
Industrial Service Projects
Industrial Service Awards

VEREDAS TRANSMISSORA DE ELETRICIDADE S.A

CLIENT
Veredas Transmissora de Eletricidade S.A. (consorcio CYMI Construções e Participações con Quantum-Brookfield)

PROJECT EXECUTION DATES
February 2017–February 2021

LOCATION
Brazil: Minas Gerais, Goiás y Bahia

CONTRACT TYPE
EPC (Engineering, Procurement and Construction)

AMOUNT
164.67 million euros

COMPANIES INVOLVED IN THE PROJECT
CYMI Construções e Participações, CYMI do Brasil, SETEC y CYMI-TECH.

PROJECT DESCRIPTION
Turnkey contract for the expansion of the power grid. The project services consists of preliminary studies, environmental licenses, expropriations, basic and executive projects, supply of all materials, civil/electromechanical construction, testing and commissioning of:

- A three-phase, 500-kV transmission line between Rio das Éguas and Arinos II C1 spanning 219 km in a single circuit with six conductors per phase.

- A three-phase, 500-kV transmission line between Arinos II and Pirapora II C1 spanning 216 km in a single circuit with six conductors per phase.

- A new 500-kV Arinos II substation.

- Expansion of the Rio das Éguas Substation (500-kV sector).

- Expansion of the Pirapora II Substation (500-kV sector).

New drone-based technologies are being deployed in order to carry out the project in its different phases and to ensure minimal impact on the area's ecosystem. These are being used to prevent deforestation of both protected areas and areas of high ecological value when running lines between towers. They were also used to protect natural obstacles, such as rivers, swamps, etc. In addition, drones were used in order to cross lines and pass them over existing electrified lines.

In line with our commitment to the environment, the most cutting-edge procedures were used for pruning and selective cutting of vegetation.

In order to do this, special machinery was used (forestry defragmentation) for the selective felling of trees, thus removing as little vegetation as possible, increasing the yield of the deforestation operation while minimally impacting the remaining vegetation and promoting conditions for the subsequent regrowth of vegetation. The machine shreds removed vegetation and spreads it on the ground, thus producing a layer of plant material on which the work vehicles and machinery can operate, helping to mix it in with the existing surface soil. Subsequently, rain will cause the vegetation to sprout, resulting in environmental recovery of the area.

3.3. SERVICES

ESSENTIAL, PROFESSIONAL, HIGH-QUALITY SERVICES


clece
SERVICIOS
SOCIALES

PROFESSIONALISM, COMMITMENT AND INNOVATION

CLECE, ON THE FRONT LINE OF THE CORONAVIRUS CRISIS

Clece is Spain's leading multi-services company with over 27 years of experience. The company has a portfolio of services with over 30 different activities, grouped into three large blocks: services for buildings, services for the environment and services for people, and has also consolidated its activity in countries such as Portugal and the United Kingdom. Clece's success is based on a diversified and constantly growing business model, which is linked to its ability to respond to the ever-evolving needs of citizens and organizations, such as the COVID-19 health crisis.

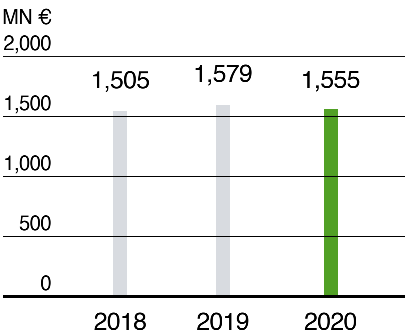
SALES
1,555
MILLION EURO

EBITDA
61
MILLION EURO

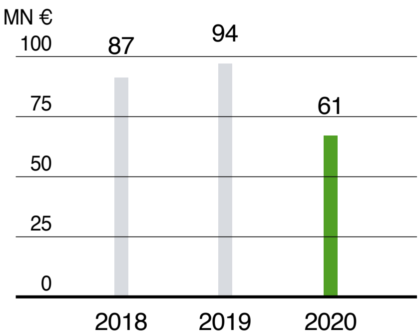
BACKLOG
2,701
MILLION EURO

NET PROFIT
18
MILLION EURO

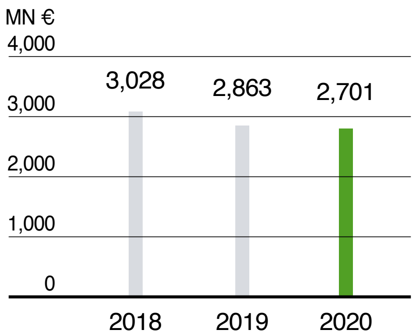
SALES



EBITDA



BACKLOG



11.7%
OF EMPLOYEES BELONG TO VULNERABLE GROUPS

>125,000
PEOPLE RECEIVED TREATMENT FROM THE SAD SERVICE

179
CENTERS FOR VULNERABLE GROUPS

130
NURSERY SCHOOLS

183
HOSPITALS

>1,693
MEDICAL CENTERS

>145,000
TESTS PERFORMED ON USERS AND WORKERS

SERVICES FOR PEOPLE

These cover the needs and assistance resources for certain groups, such as the elderly, dependents, persons with disabilities or children aged 0 to 3 years, including services such as elderly care, management of schools for children and social food programs.

SERVICES FOR BUILDINGS

These include services that are necessary for optimal operation of any property, such as maintenance, energy efficiency, cleaning, security, logistics and ancillary servi-ces.

SERVICES FOR THE CITY AND SURROUNDING AREA

These include activities aimed at the conservation and care of public spaces, such as the management of public lighting, including investment in replacing light fixtures, environmental services and airport services.

People are the core of Clece's activity. They are the driving force of a business that responds to the needs of citizens and organizations, with a significant human capital including 76,462 individuals, of which 9,027 come from vulnerable groups (people with functional diversity, victims of gender-based violence, people at risk of social exclusion and unemployed youth). In this health crisis, now more than ever, it has become apparent that the services provided by Clece are fundamental, as they are aimed at caring for people and their surroundings, improving users' quality of life, and helping them where and when they need it most. In particular, 90% of these services are considered essential to society: Care for the elderly and dependents, cleaning and disinfection of hospitals, and surveillance and security of facilities; the professionals at Clece provide essential services for society, especially during these difficult times.

HEALTHCARE FIELD

Clece currently provides services to 183 hospitals and more than 1,693 medical centers throughout Spain with its team of 12,433 cleaning and disinfection professionals who perform vital work in hospitals and medical centers.

But, now more than ever, it is also vital that healthcare infrastructures work properly. A large team of maintenance technicians is in charge of this and helps maintain more than 380 health centers.

Another key activity during this crisis has been the safety and security of facilities. Clece has more than 850 health service security guards whose work has come to be regarded as an essential service, providing protection, peace of mind and the security required as a result of the COVID-19 crisis.

During this pandemic, some infrastructure has been adapted to be used for healthcare. Clece has been selected to provide its services in 4 field hospitals, one of which is IFEMA hospital in Madrid, which is considered to be the largest temporary hospital in the country with a maximum capacity of 5,500 beds. In addition, the company has served in 32 hotels used to provide medical services and another 19 hotels used to accommodate healthcare workers throughout Spain.

Together with health cleaning professionals, Clece has extended the use of the most efficient technology to disinfect healthcare premises using Xenex, a robot with ultraviolet light that is capable of destroying the SARS-CoV-2 virus, which causes COVID-19 infection, with an effectiveness of up to 99.99% in just two minutes. Clece currently has 37 Xenex robots in different health centers in Spain and has also set in place 101 ozone machines that significantly improve disinfection levels, a crucial step in the fight against the pandemic.

SOCIAL SERVICES

In this dramatic situation affecting the health and lives of so many people, especially the elderly and dependents, the extraordinary work being done by social services professionals throughout Spain is evident.

Clece's responsibility to clients, and particularly service users, is to ensure that the service remains operational, and therefore, in addition to strictly complying with the safety protocols required by health authorities, it goes one step further, applying a number of additional measures in elderly care facilities, such as using its own machines to carry out biweekly PCR testing on service users and workers. So far, more than 145,000 tests have been performed on service users and workers.

This effort to prevent and protect against coronavirus has led Clece's elderly care facilities to be awarded AENOR's "Certification of Protocols against COVID-19" for its measures to ensure the health and safety of its workers and service users.

The company has also launched the first elderly care facility in Barcelona to accommodate and care for more than 200 patients with coronavirus.

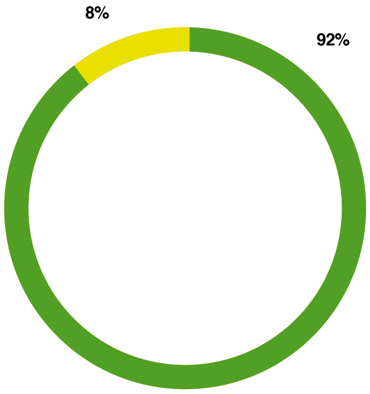
Another pioneering measure was the acquisition of a mask machine that can produce 60,000 masks a day. In addition to these masks, Clece supplies all workers with the appropriate protective equipment for their work (gloves, coveralls, PPE, etc.). Every day we provide our professionals with 70,854 surgical masks, 1,479 FFP2 masks, 567 gowns/coveralls, 70 pairs of protective glasses, 75,422 gloves and 234 liters of alcohol gel.

Since the start of the pandemic, Clece has purchased approximately 14 million surgical masks, nearly 2 million FFP2 masks, 246,000 protective gowns, 21,300 pairs of glasses and has carried out more than 145,000 tests for workers and service users. Under the current circumstances of this health and social emergency, the Home Care Service (HCS) has become essential for many dependents. Clece has ensured that care is provided to service users in coordination with Public Administrations that have determined the scope of services. More than 21,000 professionals have continuously covered the essential basic needs of more than 125,000 service users.

In addition, in the 130 nursery schools run by Clece that currently have 9,354 students, the safety protocols for public entities have been strengthened by applying more stringent measures to ensure the health and safety of both workers and pupils.

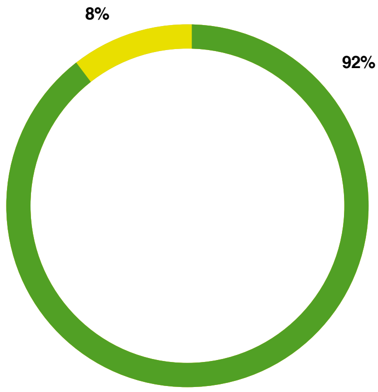
SERVICE ACTIVITY OF THE ACS GROUP IN 2020

REVENUES BREAKDOWN BY GEOGRAPHICAL AREAS



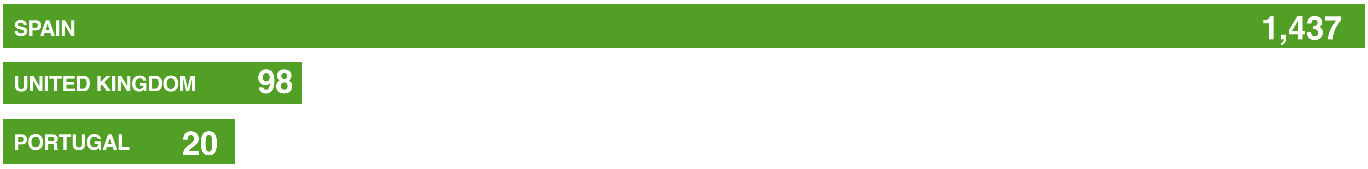
- SPAIN **1,437 MN €**
- REST OF EUROPE **118 MN €**

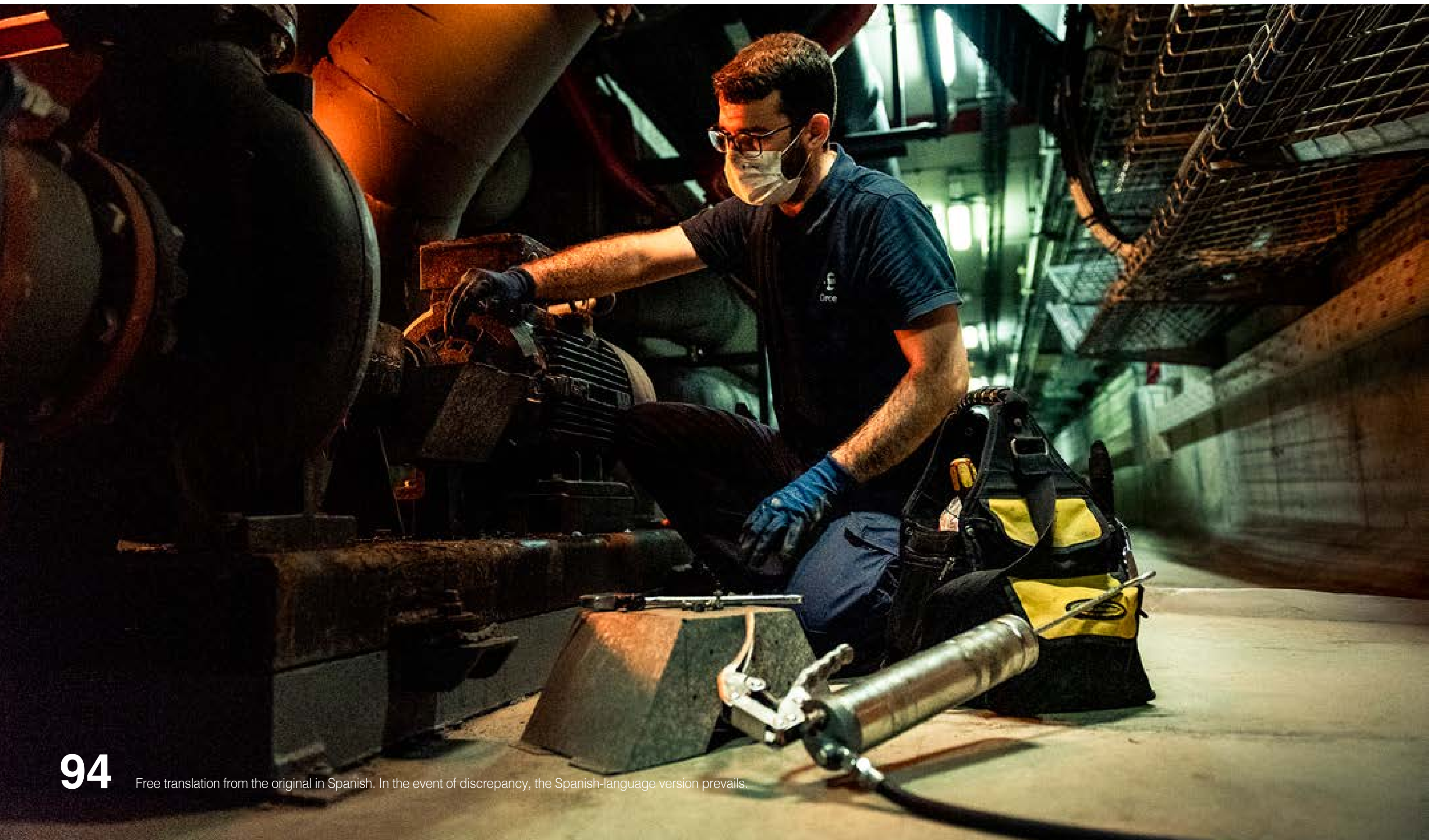
BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



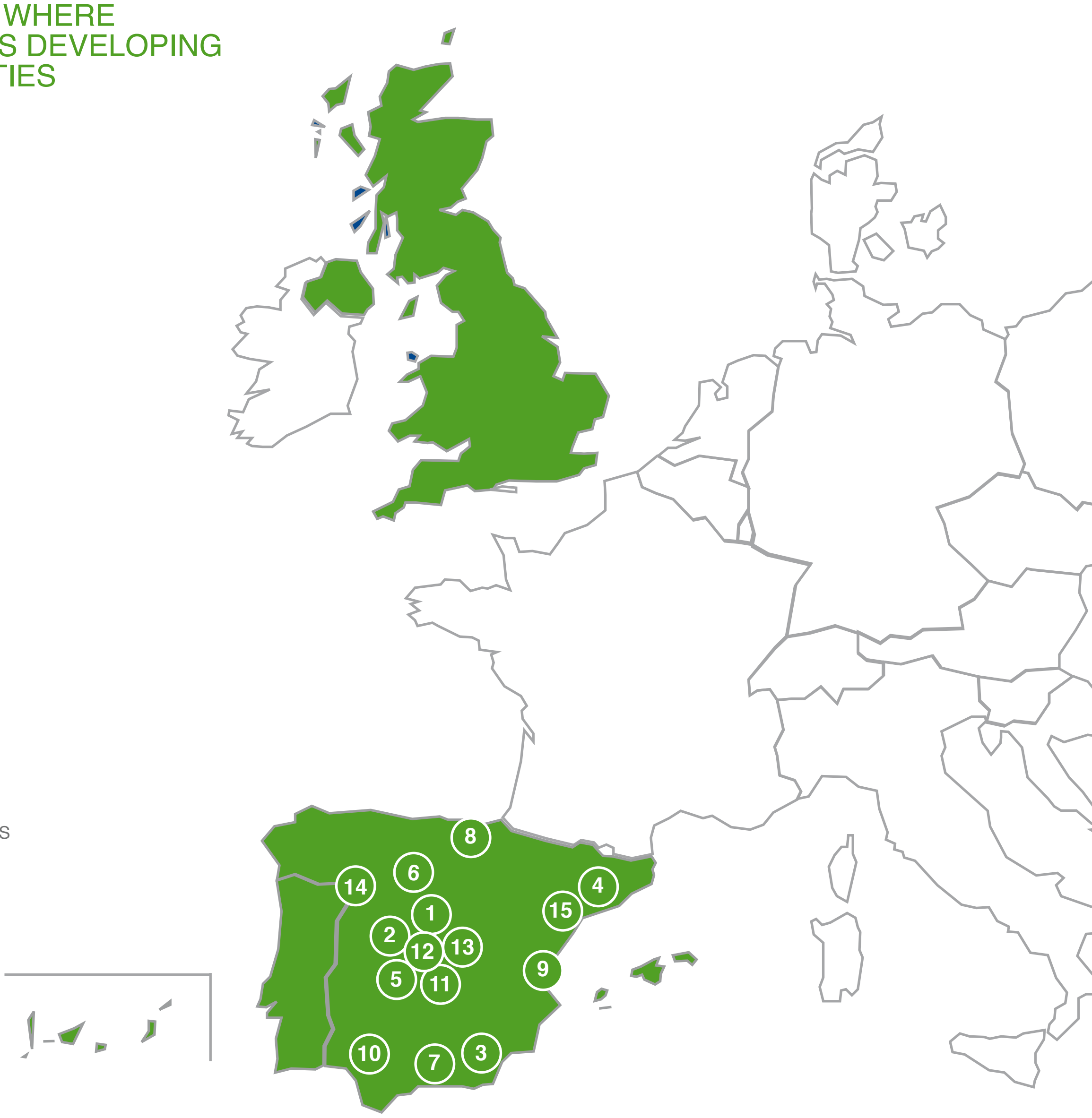
- SPAIN **2,490 MN €**
- REST OF EUROPE **211 MN €**

2020 REVENUES BREAKDOWN BY COUNTRY (MN €)





MAIN COUNTRIES WHERE THE ACS GROUP IS DEVELOPING SERVICES ACTIVITIES



SERVICES FOR PEOPLE

SERVICES FOR BUILDINGS

SERVICES FOR THE CITY AND THE ENVIRONMENT

MAIN WORKS AWARDED IN 2020

1 SPAIN
Renewal of the home assistance services contract for the City Council of Madrid, Spain
VALUE **245** MILLION EURO

2 SPAIN
Contract for cleaning Ministry of Defense bases, barracks and military units nationally within Spain
VALUE **87** MILLION EURO

3 SPAIN
Renewal of the home assistance services contract for the City Council of Almeria, Spain
VALUE **36** MILLION EURO

4 SPAIN
Renewal of the cleaning service contract in the primary care centers and the corporate center of Institut Català de La Salut in Spain
VALUE **32** MILLION EURO

5 SPAIN
Extension of the cleaning and disinfection service for the Police Directorate (DGP) and Civil Guard in Spain
VALUE **24** MILLION EURO

6 SPAIN
Renewal of the Home Assistance Services contract and its modalities for the City Council of Valladolid, Spain
VALUE **19** MILLION EURO

7 SPAIN
Extension of the cleaning service contract at the hospital facilities for the Virgen de las Nieves and San Cecilio hospitals in Granada, Spain
VALUE **18** MILLION EURO

8 SPAIN
Cleaning and gardening service contract at Hospital de Basurto in Bilbao, Spain
VALUE **18** MILLION EURO

9 SPAIN
Extension of the cleaning contract for the facilities of the Regional Government of Valencia, Spain
VALUE **17** MILLION EURO

10 SPAIN
Extension of the home assistance service for the City Council of Seville, Spain
VALUE **15** MILLION EURO

11 SPAIN
Extension of the cleaning contract at the facilities of the Ministry of Defense in Spain
VALUE **14** MILLION EURO

12 SPAIN
Extension of the hospital cleaning and disinfection service for the Community of Madrid, Spain
VALUE **14** MILLION EURO

13 SPAIN
Extension of the cleaning and disinfection service contract for hospitals in the Community of Madrid, Spain
VALUE **13** MILLION EURO

14 SPAIN
Home assistance services contract for the Provincial Council of Zamora, Spain
VALUE **13** MILLION EURO

15 SPAIN
Extension of the cleaning and disinfection service at the Vall D'Hebron Hospital in Catalonia, Spain
VALUE **12** MILLION EURO

ACTIVITY IN 2020

The outbreak of the pandemic and the declaration of a state of emergency in March affected the company's activities in different ways. Diversification and the tremendous efforts of personnel meant that the significant impact that the pandemic has had on the Spanish economy was not passed on in full to the company: Clece's turnover fell by only 1.5% compared to 2019, with some activities growing and others declining. Growth was predominantly seen in the areas of Interior Cleaning and Safety in Spain and Social Services in England. The pandemic had a significant impact on Airport Services, Elderly Care Facilities, Nursery Schools and the Food Service industry due to the lockdowns.

Clece's services are primarily concentrated in the Public Administration sector, accounting for approximately 40% of turnover and with very positive performance compared to the previous year, with growth of 5.1% despite the pandemic. This is followed by the Social Services sector, which accounts for almost 35% of sales and has remained stable compared to last year.

Buildings Services continue to be the services that the company provides most, with this trend continuing in 2020 along the growth trajectory that began in 2018, and, as in the past, these remain the driver of the company's growth, posting an increase of almost 9%.

Clece continues to have a very high penetration in almost all activities in which it competes, despite the fact that the domestic market is in an adjustment phase given the current situation caused by COVID.

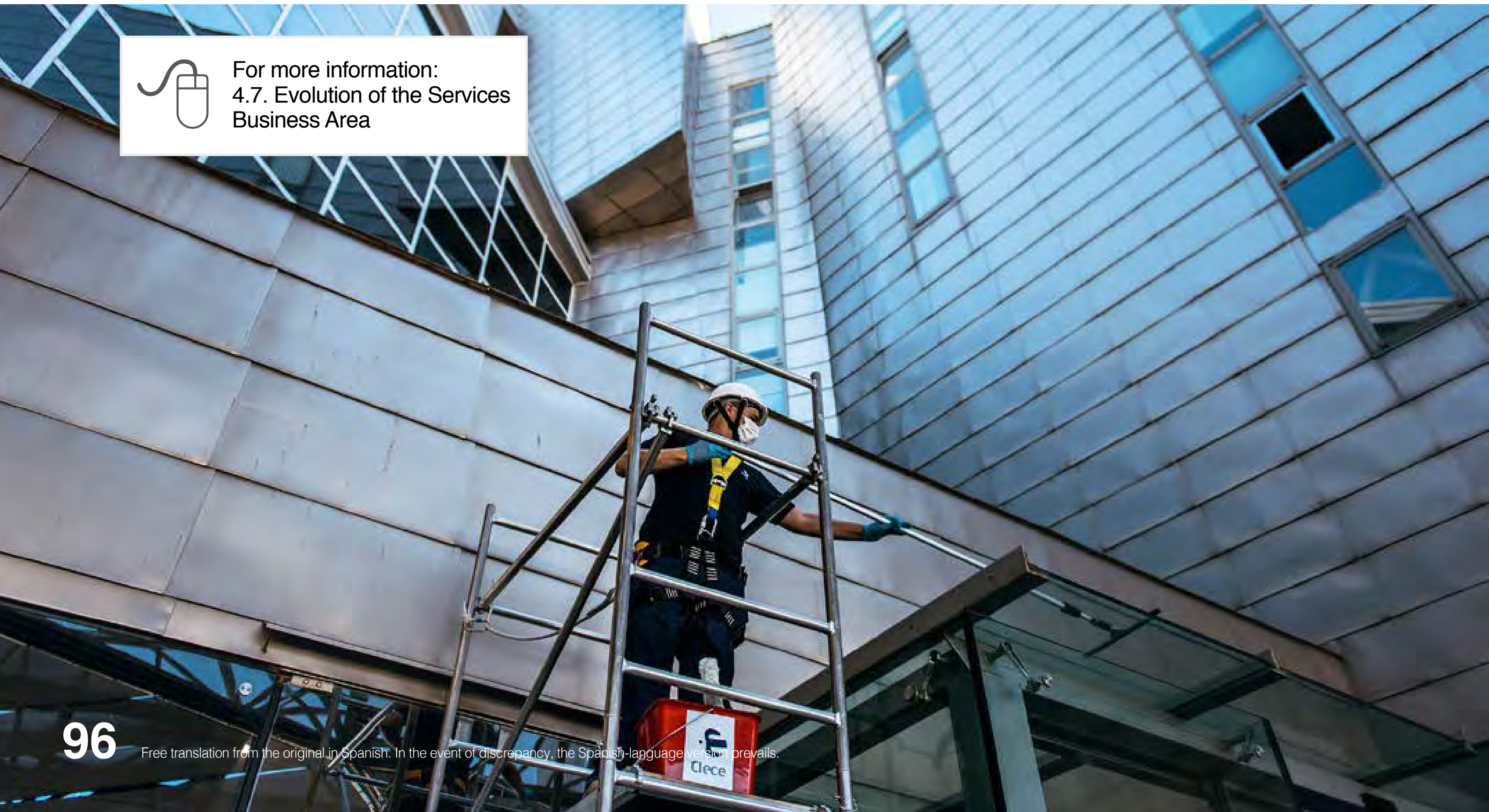
SOCIAL COMMITMENT

Clece's commitment to employment remains steady. The company has worked intensively to minimize the impact of temporary layoffs ("ERTE").

Despite this difficult situation, Clece has continued to support and care for vulnerable people and for those at risk of exclusion. In this regard, it provides vocational development opportunities for more than 9,027 people from disadvantaged groups (people with functional diversity, victims of gender-based violence, people at risk of social exclusion and unemployed youth).

During the pandemic, it is worth highlighting the solidarity and aid projects of the non-profit association Corazón y Manos, which is comprised of Clece employees and whose objective is to help those facing social emergency situations. The actions of the association are primarily reflected in solidarity projects, such as the collection of 60 tons of food for vulnerable families, employment inclusion programs and direct aid in specific cases.

For more information:
4.7. Evolution of the Services Business Area



HOME CARE SERVICE OF THE MADRID CITY COUNCIL

For more information:
Website (www.grupoacs.com)

CLIENT
Madrid City Council

CONTRACT TYPE
Home care service (SAD)

LOCATION
Madrid, Spain

AMOUNT
244.8 Million euro

COMPANIES INVOLVED IN THE PROJECT/ CONTRACT
CLECE

3,900
WORKERS FROM THE MADRID CITY COUNCIL HOME CARE SERVICE SERVE NEARLY
30,000
USERS

After more than eight years at the head of Madrid's home care service, Clece has a proven track record in offering high-quality services provided by highly qualified professionals. It provides home care service in eight City Council districts in Madrid: Retiro, Usera, Puente de Vallecas, Moratalaz, Villaverde, Villa de Vallecas, Vicálvaro and San Blas de Canillejas.

Clece provides a personalized care service through a person-centered model that adapts care and attention to the user's own profile. In order to do this and be a leading company in the sector, it has a multidisciplinary team made up of professionals in psychology, occupational therapies, podiatry, hairdressing and many others who help tailor the service to the specific needs of each user. In addition, home care service has an ethics committee that carefully studies cases that could be treated outside of the service.

Similarly, there is a mentor team that cares for and guides the home care service workers as well as dedicated care teams for cases where users may require some kind of reinforcement and have designed an itinerary-based training program that uniquely qualifies workers based on the assessment of several competencies.

Clece uses technological innovation to facilitate the lives of both users and home care service workers themselves, such as virtual assistants, peripheral devices, presence validation systems, etc.

In addition, during 2020 and early 2021, the health crisis has corroborated the professionalism of the nearly 3,900 Madrid City Council home care service workers, who currently serve nearly 30,000 service users.

Even in the worst times of the pandemic and in the months during the national lockdown, no home care service user was left unattended and everyone received the services that they needed, especially those that tested positive for COVID and needed special support to overcome the illness. To this end, protective equipment was distributed to workers, staff were trained to handle this equipment properly, and a suspected and confirmed case tracking team was established to focus on daily monitoring calls for both workers and service users.

Finally, it should be noted that Clece hired a team of 5 healthcare workers (doctors and nurses) and is conducting tests on an ongoing basis for all staff that make up the Madrid City Council home care service. A Pandemic Management Team was also created, which, in coordination with occupational risk prevention professionals, studies possible close contacts and coordinates traceability. A poster was designed with recommendations for services users and workers, and a mixed system of in-person and remote working was implemented for office staff in order to minimize personal interaction and thereby reduce the risk of infection.

4. THE FINANCIAL MANAGEMENT IN 2020

4.1 INCOME STATEMENT
4.2 CONSOLIDATED BALANCE SHEET
4.3 NET CASH FLOWS
4.4 DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES
4.5 EVOLUTION OF THE INFRASTRUCTURE BUSINESS AREA
4.6 EVOLUTION OF THE INDUSTRIAL SERVICES BUSINESS AREA
4.7 EVOLUTION OF THE SERVICES BUSINESS AREA


adif
TAXI
estilo
estilo
estilo

4.1 INCOME STATEMENT

NOTE: In response to the request of the Spanish securities market supervisor (CNMV), and without this meaning that the Board of Directors of ACS shares the final conclusion of its analysis, in 2020 the ACS Group has modified the consolidation method applied to BICC and is now fully consolidated. Additionally, it has been considered as a discontinued operation in the financial information as of 31 December 2020 and the comparative figures for 2019 have been restated in the same sense. However, for management purposes, the reported figures of BICC have no material impact on the analysis of the Group's operating and financial performance detailed in this report.

CONSOLIDATED INCOME STATEMENT

EURO MILLION	2019		2020		Var.
Net Sales	**39,049**	**100.0 %**	**34,937**	**100.0 %**	**-10.5%**
Other revenues	323	0.8 %	215	0.6%	-33.5%
Total Income	**39,372**	**100.8 %**	**35,152**	**100.6 %**	**-10.7%**
Operating expenses	(28,383)	(72.7 %)	(24,779)	(70.9 %)	-12.7%
Personnel expenses	(8,394)	(21.5 %)	(8,126)	(23.3 %)	-3.2%
Operating Results from Equity Method*	553	1.4 %	197	0.6 %	-64.4%
Operating Cash Flow (EBITDA)	**3,148**	**8.1 %**	**2,444**	**7.0 %**	**-22.4%**
Fixed assets depreciation	970	2.5 %	968	2.8 %	-0.1%
Current assets provisions	53	0.1 %	4	0.0 %	-92.6%
Ordinary Operating Profit (EBIT)	**2,126**	**5.4 %**	**1,480**	**4.2 %**	**-30.4%**
Impairment & gains on fixed assets	290	0.7 %	(38)	(0.1 %)	n.a
Other operating results	(69)	(0.2 %)	(32)	(0.1 %)	-53.0%
Operating Profit	**2,346**	**6.0 %**	**1,409**	**4.0 %**	**-39.9%**
Financial income	188	0.5 %	151	0.4 %	-19.7%
Financial expenses	(497)	(1.3 %)	(423)	(1.2 %)	-15.0%
Ordinary Financial Result	**(310)**	**(0.8 %)**	**(272)**	**(0.8 %)**	**-12.2%**
Foreign exchange results	4	0.0 %	(51)	(0.1 %)	n.a
Changes in fair value for financial instruments	30	0.1 %	78	0.2 %	n.a
Impairment & gains on financial instruments	3	0.0 %	109	0.3 %	n.a
Net Financial Result	**(272)**	**(0.7 %)**	**(137)**	**(0.4 %)**	**-49.8%**
Non Operating Results from Equity Method*	5	0.0 %	11	0.0 %	n.a
PBT of continued operations	**2,079**	**5.3 %**	**1,283**	**3.7 %**	**-38.3%**
Corporate income tax	(409)	(1.0 %)	(387)	(1.1 %)	-5.2%
Net profit of continued operations	**1,670**	**4.3 %**	**896**	**2.6 %**	**-46.4%**
Profit after taxes of the discontinued operations	(241)	(0.6 %)	0	0.0 %	n.a
Consolidated Result	**1,429**	**3.7 %**	**896**	**2.6 %**	**-37.3%**
Minority interest	(467)	(1.2 %)	(322)	(0.9 %)	-31.0%
Net Profit Attributable to the Parent Company	**962**	**2.5 %**	**574**	**1.6 %**	**-40.3%**

*Corresponds to BICC's contribution, net of minority interests.

SALES AND BACKLOG

Sales during the period accounted for € 34,937 million, decreasing by 10.5%, 5.6% adjusted by Gorgon's impact and exchange rate. The COVID-19 health measures implemented in 2020 in most countries had an impact on sales performance, with the greatest impact in the Asia Pacific and European regions.

Sales breakdown by geographical areas showed the diversification of the Group's revenue sources, where North America represented 52% of total sales, Asia Pacific 21%, Europe 21%, from which Spain represented 14%, and the remaining regions 7%.

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2019		2020		Var.
Europe	7,655	19.6 %	7,256	20.8%	-5.2%
North America	19,377	49.6 %	18,016	51.6%	-7.0%
South America	2,171	5.6 %	2,040	5.8%	-6.0%
Asia Pacific	9,569	24.5 %	7,200	20.6%	-24.8%
Africa	278	0.7 %	425	1.2%	+53.1%
TOTAL	**39,049**		**34,937**		**-10.5%**

SALES PER COUNTRIES

EURO MILLION	2019		2020		Var.
USA	16,932	43.4 %	15,746	45.1%	-7.0%
Australia	7,286	18.7 %	5,389	15.4%	-26.0%
Spain	5,419	13.9 %	4,943	14.1%	-8.8%
Canada	1,629	4.2 %	1,650	4.7%	+1.3%
Germany	751	1.9 %	955	2.7%	+27.2%
RoW	7,032	18.0 %	6,253	17.9%	-11.1%
TOTAL	**39,049**		**34,937**		**-10.5%**

North America remained stable thanks to the USA and Canadian markets' resilience, which in comparable terms, i.e. adjusted by exchange rate, showed slight variations in sales.

The activity in South America decreased by 6.0% after the impact of the exchange rate variation of Latam currencies; without these, growth was 12.6%.

Asia and Europe were more affected by the restrictions applied across almost all countries. In particular, activity in Europe decreased by 5.2%, mainly due to Spain that dropped 8.8% while Germany grew by 27.2%.

Sales' performance in Australia were particularly affected by Gorgon and the exchange rate variation. Without these impacts, sales dropped by 13.8% due to the impact of the pandemic in all activities.

BACKLOG PER GEOGRAPHICAL AREAS

EURO MILLION	Dec-19		Dec-20		Var.
Europe	14,300	18.4 %	15,098	21.8%	+5.6%
North America	33,485	43.1 %	30,634	44.3%	-8.5%
South America	5,001	6.4 %	3,553	5.1%	-29.0%
Asia Pacific	23,271	29.9 %	19,485	28.1%	-16.3%
Africa	1,698	2.2 %	457	0.7%	-73.1%
TOTAL	**77,756**		**69,226**		**-11.0%**

The Group's total Backlog as of December 2020 stood at € 69,226 million, 11.0% less than last year due to the impact of the exchange rate, mainly the U.S. dollar which was depreciated by 9.2%.

Adjusted by currency rate effects and perimeter changes, the Group's total Backlog decreased by 3.7% compared to the previous year, mainly in the Australian and Asian markets.

BACKLOG BY COUNTRIES

EURO MILLION	Dic-19		Dic-20		Var.
USA	28,319	36.4 %	26,700	38.6%	-5.7%
Australia	19,365	24.9 %	17,724	25.6%	-8.5%
Spain	7,464	9.6 %	7,995	11.5%	+7.1%
Canada	3,859	5.0 %	3,056	4.4%	-20.8%
Germany	3,008	3.9 %	3,493	5.0%	+16.1%
RoW	15,740	20.2 %	10,256	14.8%	-34.8%
TOTAL	**77,756**		**69,226**		**-11.0%**

The US' Backlog went up by 3.0% in local currency while the Spanish Backlog increased by 7.1% thanks to the entry of new renewable energy projects under promotion. The remaining countries in Europe grew by 3.9%, mainly supported by the German Backlog.

Australia's Backlog was affected by the severe national restrictions resulting from the pandemic, which led to delays in new projects awards.

OPERATING RESULTS

OPERATING RESULTS			
EURO MILLION	2019	2020	Var.
EBITDA	**3,148**	**2,444**	**-22.4%**
EBITDA Margin	*8.1%*	*7.0%*	
Depreciation	970	968	-0.1%
Infrastructures	*(843)*	*(834)*	
Industrial Services	*(88)*	*(94)*	
Services	*(37)*	*(39)*	
Corporation	*(1)*	*(1)*	
Current assets provisions	53	4	-92.6%
EBIT	**2,126**	**1,480**	**-30.4%**
EBIT Margin	*5.4%*	*4.2%*	

The Group's EBITDA, affected by the non-recurring impacts of CIMIC and the negative contribution of Abertis, amounted to € 2,444 million. Excluding these effects, EBITDA fell by 8.0%. The margin over sales, ex Abertis, stood at 7.3%, slightly lower than the previous year due to the change in the business mix.

EBIT reached € 1,480 million, decreasing by 30.4%. Adjusted by the same impacts on EBITDA, EBIT decreased by 7.6% and, the margin over sales, ex Abertis, stood at 4.7%, similar to the previous year.

The breakdown of the contribution to operating profit according to the consolidation method was as followed:

MAIN OPERATING FIGURES DETAIL			
EURO MILLION	2019	2020	Var.
Backlog	**77,756**	**69,226**	**-11.0%**
Direct	*72,781*	*59,774*	*-17.9%*
Proportional(1)	*4,975*	*9,452*	*+90.0%*
Work Done	**40,003**	**36,533**	**-8.7%**
Direct	*39,049*	*34,937*	*-10.5%*
Proportional(1)	*954*	*1,596*	*+67.3%*
EBITDA	**3,148**	**2,444**	**-22.4%**
Direct	*2,595*	*2,247*	*-13.4%*
Operating equity method results(2)	*553*	*197*	*-64.4%*
EBIT	**2,126**	**1,480**	**-30.4%**
Direct	*1,572*	*1,283*	*-18.4%*
Operating equity method results(2)	*553*	*197*	*-64.4%*

1. Refers to the proportional stake of the operating Joint Ventures and projects not fully consolidated in the Group
2. Includes Abertis' contribution
NOTE: Backlog in 2020 reflects change from direct to proportional for Thiess.

FINANCIAL RESULTS

Ordinary financial result decreased by 12.2% thanks to the reduction of financial expenses due to lower average cost of financing.

Foreign exchange results had a substantial negative impact due to main local currencies depreciation, particularly the U.S. dollar. On its side, the impact on changes in fair value for financial instruments was due to derivatives linked to ACS' shares.

FINANCIAL RESULTS

EURO MILLION	2019	2020	Var.
Financial income	188	151	-19.7%
Financial expenses	(497)	(423)	-15.0%
Ordinary Financial Result	**(310)**	**(272)**	**-12.2%**
Infrastructures	(213)	(190)	-10.7%
Industrial Services	(71)	(62)	-12.3%
Services	(7)	(4)	-40.8%
Corporation	(19)	(16)	-18.6%

EURO MILLION	2019	2020	Var.
Ordinary Financial Result	**(310)**	**(272)**	**-12.2%**
Foreign exchange results	4	(51)	
Changes in fair value for financial instruments	30	78	
Impairment & gains on financial instruments	3	109	
Net Financial Result	**(272)**	**(137)**	**-49.8%**

NET PROFIT ATTRIBUTABLE

The Group's Net Profit in 2020 reached € 574 million. However, this figure included the impact of extraordinary non-operating results of € 28 million, related to the sale of Thiess in Australia and other non-recurring results. Adjusted by these impacts, the Group's net income in 2020 amounted to € 602 million, 37.4% less compared to the previous year.

This drop is mainly due to Abertis' performance, whose traffic was strongly affected by the COVID-19 confinement measures. Excluding the impact of Abertis, the Group's ordinary net profit decreased by 11.2%.

The effective corporate tax rate, excluding non-recurrent impacts, stood at 29.3%, compared to 26.4% in the prior year.

NET PROFIT BREAKDOWN

EURO MILLION	Ordinary Result			Adjustments		Reported Result		
	2019	2020	Var.	2019	2020	2019	2020	Var.
Infrastructures (1)	613	321	-47.6%	(420)	(222)	193	99	-48.6%
Construction	358	322	-10.0%	(420)	(222)	(62)	100	n.a.
Concessions	255	(1)	n.a.			255	(1)	n.a.
Industrial Services (2)	350	312	-10.8%	250		600	312	-48.0%
Services	38	18	-53.9%			38	18	-53.9%
Corporate HQ (3)	(40)	(49)	23.6%	170	194	131	145	11.0%
TOTAL Net Profit	**962**	**602**	**-37.4%**	**0**	**(28)**	**962**	**574**	**-40.3%**

(1) The adjustments in 2019 relate to the provision for the exit of BICC, while in 2020 it is due to the amortization of Thiess goodwill.
(2) Capital gains on the sale of renewables.
(3) Reversal of provisions and results from financial derivatives.

4.2 CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

EURO MILLION	Dec-2019		Dec-2020		Var.
FIXED and NON-CURRENT ASSETS	**14,544**	**36.6 %**	**13,019**	**34.9 %**	**-10.5%**
Intangible Fixed Assets	4,284		3,784		-11.7%
Tangible Fixed Assets	2,763		2,072		-25.0%
Equity Method Investments	4,411		4,480		+1.5%
Non-current financial assets	971		776		-20.1%
Financial instrument debtors	7		18		n.a
Deferred Taxes Assets	2,106		1,889		-10.3%
CURRENT ASSETS	**25,151**	**63.4 %**	**24,315**	**65.1 %**	**-3.3%**
Non-Current Assets Held for Sale	2,111		3,181		+50.7%
Inventories	916		715		-21.9%
Accounts receivables	12,397		10,498		-15.3%
Other current financial assets	1,339		1,355		+1.2%
Financial instrument debtors	11		251		n.a
Other Short Term Assets	246		233		-5.1%
Cash and banks	8,131		8,081		-0.6%
TOTAL ASSETS	**39,695**	**100.0 %**	**37,334**	**100.0 %**	**-5.9%**
NET WORTH	**5,506**	**13.9%**	**4,276**	**11.5 %**	**-22.3%**
Equity	4,777		4,197		-12.1%
Value change adjustments	(356)		(669)		+87.7%
Minority Interests	1,085		747		-31.1%
NON-CURRENT LIABILITIES	**9,533**	**24.0%**	**10,606**	**28.4 %**	**+11.3%**
Subsidies	3		3		+29.2%
Long Term Provisions	1,380		1,276		-7.5%
Long Term Financial Liabilities	6,839		8,370		+22.4%
Bank loans and debt obligations	6,556		8,180		+24.8%
Project Finance	122		73		-40.1%
Other financial liabilities	161		117		-27.2%
LT Operating Lease liabilities	687		473		-31.2%
Financial Instruments Creditors	72		50		-31.1%
Long term deferred tax liabilities	383		320		-16.3%
Other Long Term Accrued Liabilities	169		113		-33.1%
CURRENT LIABILITIES	**24,656**	**62.1%**	**22,452**	**60.1 %**	**-8.9%**
Liabilities from Assets Held for Sale	1,187		2,246		+89.2%
Short Term Provisions	1,326		921		-30.5%
Short Term Financial Liabilities	3,651		2,886		-20.9%
Bank loans and debt obligations	3,470		2,781		-19.8%
Project Finance	19		16		-12.9%
Other financial liabilities	162		89		-45.4%
ST Operating Lease liabilities	321		192		-40.2%
Financial Instruments Creditors	28		155		n.a
Trade accounts payables	17,586		15,824		-10.0%
Other Short Term liabilities	556		227		-59.2%
TOTAL EQUITY & LIABILITIES	**39,695**	**100.0%**	**37,334**	**100.0 %**	**-5.9%**

NON-CURRENT ASSETS

Intangible assets, which amounted to € 3,784 million, included goodwill from past strategic transactions. From these, the most relevant are € 743 million that came from ACS and Dragados Group merger in 2003, and € 1,144 million from HOCHTIEF's acquisition in 2011. The rest corresponded to the integration of various companies in the Group, mainly HOCHTIEF's companies.

Investment balance held by the Equity Method included the stake in Abertis held by ACS and HOCHTIEF, holdings from HOCHTIEF's associated companies, Iridium concessions and certain energy assets from Industrial Services. Concretely, ACS stake (30%) accounted for € 1,715 million, while HOCHTIEF's (20% minus one share) amounted to € 1,153 million. Therefore, total impact on ACS Group balance sheet stood at € 2,868 million.

WORKING CAPITAL

WORKING CAPITAL EVOLUTION

EURO MILLION	Dec-19*	Mar-20	Jun-20	Sep-20	Dec-20
Infrastructures	(5,862)	(3,613)	(3,926)	(2,979)	(4,579)
Industrial Services	(1,350)	(1,199)	(1,274)	(1,213)	(1,399)
Services	(31)	(2)	(35)	19	(31)
Corporation	128	(36)	(5)	(33)	395
TOTAL	**(7,116)**	**(4,849)**	**(5,241)**	**(4,206)**	**(5,614)**

* Excluding BICC.

Net working capital in 2020 decreased its balance by € 1,502 million. This is due, on one side, to the payments related to the exit from BICC (€ 844 million) and, on the other side, to the lesser use of factoring, which decreased by € 767 million (including € 274 million from the sale of Thiess) to € 1,438 million.

NET WORTH

ACS Group Net worth accounted for € 4,276 million at period-end.

The impact on adjustments from value changes was mainly due to the Australian dollar depreciation and other Latin-American currencies during the period, as well as impacts from coverages.

The reduction in the minority interest's balance was due to the purchase of treasury shares in HOCHTIEF and CIMIC as well as HOCHTIEF's dividend payments.

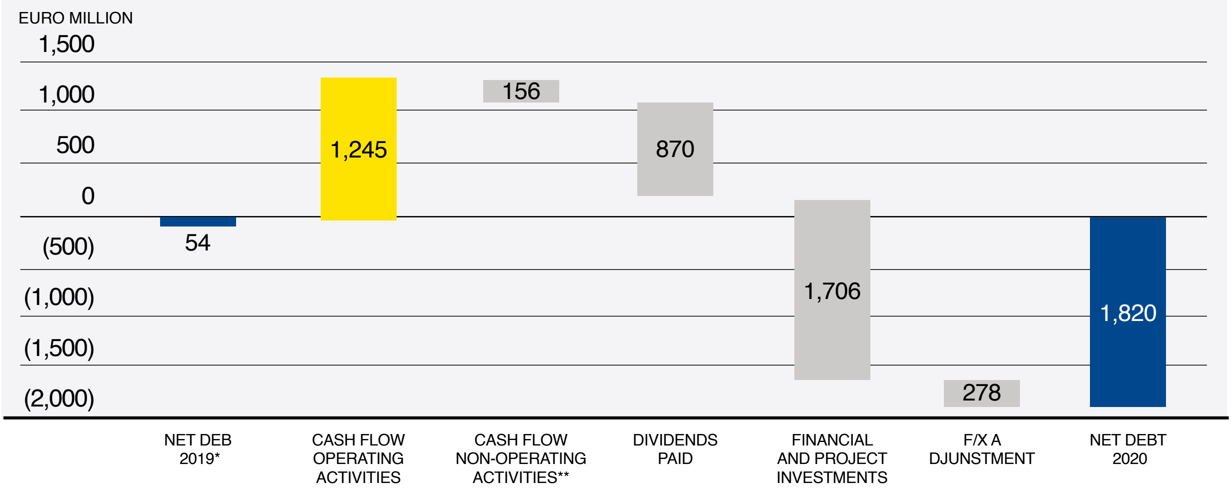
NET WORTH

EURO MILLION	Dec-19	Dec-20	Var.
Shareholders' Equity	4,777	4,197	-12.1%
Adjustment s from Value Changes	(356)	(669)	+87.7%
Minority Interests	1,085	747	-31.1%
Net Worth	**5,506**	**4,276**	**-22.3%**

NET DEBT

The Group maintained a € 1,820 million net debt position as of December 31st 2020, 0.7x annualized EBITDA.

NET DEBT EVOLUTION 2020



* Excluding the net debt balance of BICC.

** Referring to proceeds from the sale of 50% of Thiess, payments for BICC's exit, reduction of the factoring balance and the cost of derivatives in Corporation.

This figure was € 1,766 million higher than a year ago after the Group dedicated more than € 1,700 million to capital investments in projects (€ 908 million), mainly in renewable energy, and to financial investments (€ 798 million), basically the increase in Hochtief's and Cimic's stake for € 443 million and the increase in ACS treasury stock for € 355 million.

ACS Group has intended € 870 million for the distribution of dividends among its shareholders (€ 626 million, of which 59% in ACS shares) and its minority shareholders (€ 244 million), mainly from Hochtief.

NET DEBT (31 DECEMBER 2020)

NET DEBT (€ MN)	Infrastructures	Industrial Services	Services	Corporation	Adjust.	ACS Group
LT loans from credit entities	3,029	27	198	1,789	0	5,043
ST loans from credit entities	1,080	494	112	152	0	1,838
Debt with Credit Entities	**4,109**	**521**	**310**	**1,940**	**0**	**6,880**
Bonds	1,881	794	0	1,406	0	4,081
Non Recourse Financing	86	4	0	0	0	89
Other financial liabilities	148	24	1	0	0	173
Total External Gross Debt	**6,224**	**1,343**	**310**	**3,346**	**0**	**11,224**
Net debt with Group's companies & Affiliates	19	16	0	0	(3)	32
Total Gross Financial Debt	**6,243**	**1,359**	**310**	**3,346**	**(3)**	**11,256**
ST & other financial investments	766	473	1	119	(3)	1,355
Cash & Equivalents	6,432	1,365	136	147	0	8,081
TOTAL CASH AND EQUIVALENTS	**7,198**	**1,838**	**137**	**266**	**(3)**	**9,436**
(NET FINANCIAL DEBT) / NET CASH POSITION	**955**	**479**	**(173)**	**(3,081)**	**0**	**(1,820)**

4.3 NET CASH FLOWS

NET CASH FLOWS*

EURO MILLION	2019			2020		
	Total	HOT	ACS exHOT	Total	HOT	ACS exHOT
Funds from Operating activities	2,164	1,330	834	1,454	889	565
Dividends from Abertis	432	173	259	432	173	259
Cash Flow from Operating Activities before Working Capital	**2,596**	**1,503**	**1,093**	**1,886**	**1,061**	**824**
Factoring var.**	(21)	31	(52)	(493)	(355)	(137)
WC var. ex factoring	(196)	69	(265)	(220)	37	(257)
Net CAPEX	(659)	(518)	(141)	(485)	(371)	(114)
Net Operating Cash Flow from continuing activities**	**1,720**	**1,084**	**636**	**689**	**372**	**317**
Financial Investments/Disposals	(690)	(221)	(468)	350	663	(313)
Operating Leases (IFRS16)	(387)	(301)	(86)	(380)	(299)	(81)
Payments to BICC	(246)	(246)	n.a	(844)	(844)	n.a
Other Financial Sources	(33)	(0)	(33)	(84)	(0)	(84)
Free Cash Flow	**364**	**315**	**49**	**(269)**	**(108)**	**(161)**
Dividends paid	(486)	(285)	(201)	(490)	(234)	(256)
Intra group Dividends	0	(177)	177	0	(207)	207
Treasury Stock	(568)	0	(568)	(736)	0	(736)
Total Cash Flow Generated / (Consumed)	**(689)**	**(147)**	**(542)**	**(1,495)**	**(549)**	**(946)**
Perimeter change (Increase)/decrease	567	78	488	(5)	(187)	182
Exchange rate (Increase)/decrease	66	35	30	(266)	(175)	(91)
Total Net Debt variation in the Balance Sheet	**(57)**	**(33)**	**(24)**	**(1,766)**	**(911)**	**(855)**

*This statement of net cash flows does not include the contribution of BICC, consolidated in the annual accounts of ACS as a discontinued operation, but does include the payments made by Cimic in relation to its exit from BICC.

**The variation in factoring is considered as a financial flow. Excluding this, the Adjusted Free Cash Flow amounts to € 1,181 million.

CASH FLOW FROM OPERATING ACTIVITIES

In 2020, the ACS Group's activities generated a total of € 1,245 million, thanks to the good performance of the American and European markets, the funds generated from the rotation of concessional and energy assets and the dividends received from Abertis. The diversification of cash generation sources and efficient control of working capital explain this positive development.

Cash flow from operating activities before working capital variations amounted to € 1,886 million.

2020 operating working capital ex factoring variation resulted in a € 220 million cash outflow, with a € 1,300 million inflow in the last quarter of the year, in line with the seasonality of ACS' activities.

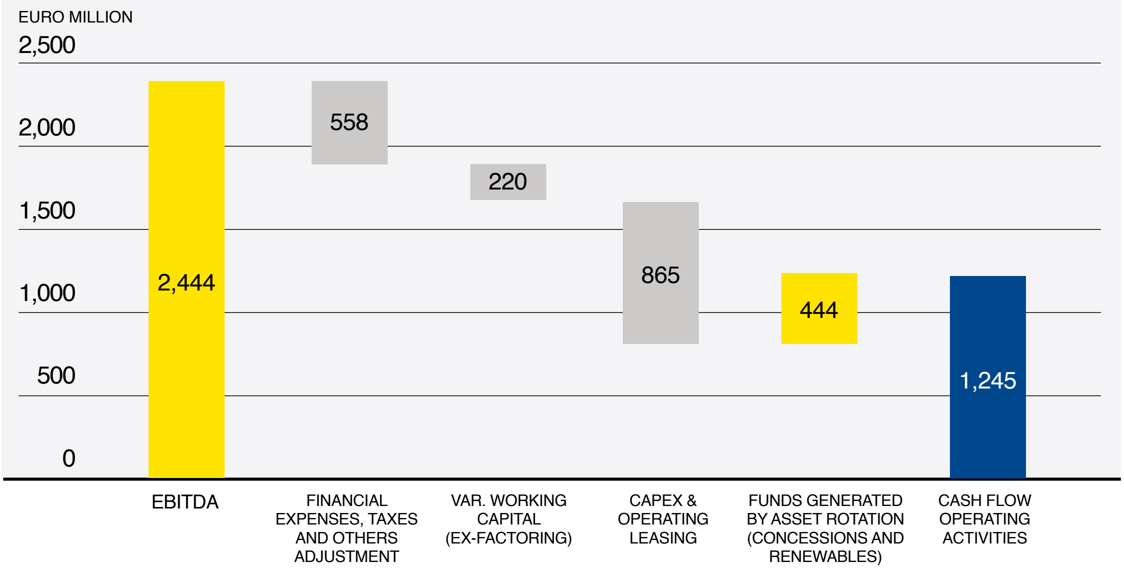
The ACS Group's capital expenditure (CAPEX) and operating lease payments amounted to € 865 million in 2020, broken down as follows:

- Net operating investments stood at € 485 million and corresponded to the acquisition of machinery and equipment for the Group's various projects, mainly in the mining, civil works and industrial installations areas.

- Financial leasing payments related to the use of industrial machinery and vehicles amounted to € 380 million.

The cash flows generated by renewable assets' and infrastructure concessions' rotation corresponded to the partial sale of photovoltaic assets in Spain to Galp for an amount of € 336 million, and to Iridum from the sale of interests in shadow toll concessions in Spain (€ 108 million).

FUNDS GENERATED BY OPERATING ACTIVITIES



CASH FLOW FROM INVESTMENTS

ACS Group total net investment accounted for in 2020, amounted to € 304 million.

Financial and Project net investment reached € 180 million and are detailed as follows:

- Infrastructure's area invested around € 784 million, from which € 443 million were devoted to the purchase of HOT and CIMIC shares and, € 276 million corresponded to investments in PPP projects and JV in America. On its side, divestments included the sale of Thiess for € 1,342 million.
- Industrial Services area devoted gross € 838 million (€ 561 million equity and remaining with project debt) to the development of energy assets, which included:
  - – Thermosolar and photovoltaic plants in America and Spain (€ 274 million).
  - – Floating and onshore wind farms (€ 256 million), including the Kincardine floating offshore wind farm in Scotland (€ 206 million) and onshore wind farms in Latin America (€ 50 million).
  - – Offshore platform KA-KU-A1 for a gas extraction and compression station in Mexico (€ 120 million).
  - – Water treatment plant in Chile (€ 79 million).
  - – High voltage lines in Brazil (€ 50 million).
  - – Other energy projects (€ 59 million).

INVESTMENTS BREAKDOWN 2020

EURO MILLION	Operating Investments	Operating divestments	NET Operating CAPEX	Project / Financial Investments	Financial Divestments	Net Project / Financial invesments	Total Net Investments
Infrastructures	**461**	**(51)**	**409**	**784**	**(1,642)**	**(858)**	**(448)**
Dragados	63	(25)	38	(0)	(0)	(0)	38
Hochtief	397	(26)	371	743	(1,406)	(663)	(292)
Iridium	0	0	0	42	(236)	(194)	(194)
Industrial Services	**65**	**(6)**	**59**	**838**	**(166)**	**672**	**731**
Services	**19**	**(3)**	**16**	**5**	**(0)**	**5**	**21**
Corporation	**0**	**0**	**0**	**(0)**	**(0)**	**(0)**	**0**
TOTAL	**545**	**(61)**	**485**	**1,628**	**(1,808)**	**(180)**	**304**

OTHER CASH FLOWS

Dividends paid in cash by the Group during the last 12 months amounted to € 490 million. Likewise, during the term ACS allocated € 736 million to share's buyback, which were mostly intended for scrip dividend purposes.

CIMIC payments related to BICC amounted to € 844 million during the period.

Furthermore, "other financial resources" item worth € 84 million corresponded mainly to premiums from derivatives over treasury shares in ACS Corporation.

4.4 DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES

ACS Group develops its activities in different sectors, countries and socioeconomic and legal environments involving risk exposure, inherent to the businesses it operates in.

ACS Group monitors and controls these risks in order to avoid a decline in the profitability of its shareholders, a danger to its employees or its corporate reputation, a problem for its customers or a negative impact on the Group as a whole. For risk-control, ACS Group has instruments to identify and manage them properly with sufficient time, either by preventing its materialization or by minimizing impacts.

In addition to those inherent risks to the different businesses in which it operates, ACS Group is exposed to various financial risks, either by changes in interest or exchange rates, liquidity risks or credit risks.

a) Risks arising from changes in the cash flow interest rates are mitigated by ensuring rates through financial instruments which may cushion its fluctuation.

b) Risk management related to exchange rates is carried out by taking debt in the same functional currency as that of the assets that the Group finances overseas. To cover net positions in currencies other than the euro, the Group arranges various financial instruments in order to reduce such exposure to exchange rate risks.

c) The most important aspects impacting the financial risks of ACS during 2020 are:

   - ACS, Actividades de Construcción y Servicios, SA, has renewed the Euro Commercial Paper (ECP) program for a maximum amount of € 750 million, the Negotiable European Commercial Paper program (NEU CP) for a maximum amount of € 300 to € 500 million, and the debt issuance program called Euro Medium Term Note Program (EMTN Program) for a maximum amount of € 1,500 million. From this last one, a total amount of € 750 million has been issued in 2020 first half with a request that has doubled the issuing amount.

- The AGM held on May 8th 2020 agreed to delegate to the Board of Directors the power to increase, once or several times, the Company's share capital by a maximum amount of up to 50% of the capital, within a maximum term of five years from the date of the aforementioned AGM.

- In March 2021, the rating agency Standard and Poor's (S&P) awarded ACS, Actividades de Construcción y Servicios, S.A. a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Likewise, Hochtief and Cimic have obtained the same credit rating.

The Integrated Annual Report, which includes Non-Financial Information, Corporate Governance Reports, and ACS Group Consolidated Financial Statements (www.grupoacs.com), discusses more in detail the risks and the tools for its control. Likewise, HOCHTIEF's Annual Report (www.hochtief.com) details the risks inherent to the German company and its control mechanisms.

For the next six months, from the closing date of the accounts referred to in this document, ACS Group, based on information currently available, does not expect to deal with situations of risk and uncertainty significantly different to those of the last year, particularly those derived from the internationalization of the Group's activities, but particularly the ones derived from the uncertainty about the duration and degree of incidence on COVID 19 pandemic. Therefore, depending on, among others, the possible restrictions on the free movement of people (quarantine or lockdown), temporary closure of industries and/ or customs, etc. that different authorities could impose in countries where the Group operates, the impact of which, to the present date, cannot be foreseen neither in the economies of those countries nor on the operations of ACS Group in particular.

4.5 EVOLUTION OF THE INFRASTRUCTURE BUSINESS AREA

INFRASTRUCTURES

EURO MILLION	2019	2020	Var.
Turnover	**30,955**	**27,559**	**-11.0%**
EBITDA	**2,421**	**1,781**	**-26.4%**
Margin	*7.8%*	*6.5%*	
EBIT	**1,538**	**964**	**-37.3%**
Margin	*5.0%*	*3.5%*	
Net Profit	**192**	**99**	**-48.3%**
Margin	*0.6%*	*0.4%*	
Backlog	**64,969**	**57,609**	**-11.3%**
Months	*24*	*24*	

NOTE: Infrastructures includes Construction and Concessions activities.

Sales in Infrastructure reached € 27,559 million, meaning 11.0% decrease compared to the previous year. This figure included the negative impact of the arbitration of the Gorgon project in Australia, reducing the sales figure by € 725 million. Adjusted by this accounting effect and the currency effect, sales fell by 6.4%, especially due to the performance in Australia (-23% in local currency), whose market was more affected due to the activity stoppage caused by COVID-19. On the other side, production in Europe (+0.8%) and North America (-2.6% in local currency) was more stable.

Operating results were impacted by Abertis, whose contribution to the Group was negative € 43 million. Excluding Abertis, EBITDA accounted for € 1,824 million and EBIT reached € 1,006 million, decreasing by 13.8% and 18.5%, respectively.

Net Profit, not considering Abertis' impact contribution, reached € 134 million.

Backlog at period-end stood at € 57,609 million, equivalent to two years of production.

Backlog decreased by 7.7% in North America, mainly affected by U.S. dollar depreciation. Adjusted by currency effects, US' Backlog grew by around 4% compared to the previous year.

In Asia Pacific, Backlog went down by 15.2%. The impact of the pandemic on the Asia Pacific region caused a general delay in new project awards.

	SALES PER GEOGRAPHICAL AREAS					BACKLOG PER GEOGRAPHICAL AREAS				
EURO MILLION	2019	% weight	2020	% weight	Var.	Dec-19	% weight	Dec-20	% weight	Var.
Spain	1,359	4.4%	1,366	5.0%	+0.5%	2,333	3.6%	2,238	3.9%	-4.1%
Rest of Europe	1,690	5.5%	1,706	6.2%	+1.0%	5,959	9.2%	5,975	10.4%	+0.3%
North America	18,276	59.0%	17,313	62.8%	-5.3%	32,073	49.4%	29,619	51.4%	-7.7%
South America	374	1.2%	324	1.2%	-13.4%	1,272	2.0%	856	1.5%	-32.7%
Asia Pacific	9,200	29.7%	6,763	24.5%	-26.5%	22,311	34.3%	18,921	32.8%	-15.2%
Africa	56	0%	86	0.3%	n.a.	1,021	1.6%	0	0.0%	n.a
TOTAL	**30,955**	**100%**	**27,559**	**100%**	**-11.0%**	**64,969**	**100%**	**57,609**	**100%**	**-11.3%**

CONSTRUCTION

CONSTRUCTION	DRAGADOS			HOCHTIEF (ACS CONTR.)			ADJUSTMENTS		TOTAL		
EURO MILLION	2019	2020	% Var.	2019	2020	Var.	2019	2020	2019	2020	Var.
Sales	5,015	4,518	-9.9%	25,852	22,954	-11.2%	0	0	30,867	27,472	-11.0%
EBITDA	293	264	-10.1%	1,893	1,750	-7.6%	(123)	(223)	2,063	1,790	-13.2%
Margin	*5.8%*	*5.8%*		*7.3%*	*7.6%*		*n.a*	*n.a*	*6.7%*	*6.5%*	
EBIT	200	216	+7.9%	1,165	1,040	-10.7%	(168)	(268)	1,196	988	-17.4%
Margin	*4.0%*	*4.8%*		*4.5%*	*4.5%*				*3.9%*	*3.6%*	
Net Financial Results	(63)	(67)		(131)	(154)		(0)	(0)	(195)	(221)	
Equity Method	0	0		0	0		0	0	0	0	
Other Results & Fixed Assets	7	10		16	(4)		0	(0)	24	5	
EBT	144	158	+9.7%	1,050	882	-16.0%	(168)	(268)	1,025	772	-24.7%
Taxes	(28)	(50)		(258)	(332)		14	40	(272)	(343)	
Minorities	(0)	(1)		(482)	(329)		80	2	(402)	(329)	
Profit after taxes of the discontinued operations				(414)			0		(414)		
Net Profit	117	107	-8.2%	(104)	220	n/a	(75)	(227)	(62)	100	n/a
Margin	2.3%	2.4%		-0.4%	1.0%				-0.2%	0.4%	
Backlog	13,607	11,769	-13.5%	51,362	45,840	-10.8%	n.a	n.a	64,969	57,609	-11.3%
Months	*33*	*31*		*23*	*22*				*24*	*24*	

*Corresponds to BICC's contribution, net of minority interests

Note: The column "Adjustments" includes the removal of Abertis' contribution through HOCHTIEF, PPA adjustments, PPA depreciation, and the derecognition of goodwill attributed to Thiess.

Dragados Net Profit stood at € 107 million despite the impact of the pandemic, which caused sales to fall by 9.9%. The EBITDA margin remained stable, while EBIT improved significantly due to lower project-related provisions compared to the previous year.

Likewise, HOCHTIEF showed resilience while facing the pandemic reaching a Net Profit of € 427 million despite the impact of the pandemic on its main regions and in Abertis' contribution.

Sales reflected the impact from Gorgon; which adjusted by this accounting effect and the impact of the exchange rate, went down by 6.2%. Operating margins increased in core areas except for Abertis' contribution, which disrupted EBITDA's growth. Nonetheless, the greatest weight of Turner's activity, altogether with a lower risk profile, made business mix vary driving to a slight decrease in operating margins.

HOCHTIEF's Net Profit reached € 427 million, affected by Abertis' negative contribution during the period (€ 17 million). In 2019, provisions for the exit from the Middle East (BICC) were included. Therefore, in comparable terms, net income decreased by 8.9%.

HOCHTIEF AG

	AMERICA			ASIA PACIFIC			EUROPE			HOLDING		TOTAL		
EURO MILLION	**2019**	**2020**	**VAR.**	**2019**	**2020**	**VAR.**	**2019**	**2020**	**VAR.**	**2019**	**2020**	**2019**	**2020**	**VAR.**
Sales	**15,328**	**14,676**	**-4.3%**	**9,143**	**6,886**	**-24.7%**	**1,233**	**1,271**	**+3.1%**	**148**	**121**	**25,852**	**22,954**	**-11.2%**
EBITDA	**398**	**430**	**+8.2%**	**1,334**	**1,264**	**-5.3%**	**97**	**111**	**+13.9%**	**64**	**(55)**	**1,893**	**1,750**	**-7.6%**
Margin	*2.6%*	*2.9%*		*14.6%*	*18.3%*		*7.9%*	*8.7%*				*7.3%*	*7.6%*	
EBIT	**318**	**344**	**+8.4%**	**755**	**698**	**-7.5%**	**32**	**57**	**+80.5%**	**61**	**(60)**	**1,165**	**1,040**	**-10.7%**
Margin	*2.1%*	*2.3%*		*8.3%*	*10.1%*		*2.6%*	*4.5%*				*4.5%*	*4.5%*	
Net Financial Results	(8)	(16)		(149)	(161)		10	(16)		16	39	(131)	(154)	
Equity Method	0	0		0	0		0	0		0	0	0	0	
Other Results & Fixed Assets	(0)	(3)		6	(3)		12	2		(2)	(0)	16	(4)	
EBT	**310**	**326**	**+5.2%**	**612**	**534**	**-12.7%**	**54**	**43**	**-20.2%**	**75**	**(21)**	**1,050**	**882**	**-16.0%**
Taxes	(51)	(44)		(185)	(226)		(9)	(4)		(13)	(58)	(258)	(332)	
Minorities	(46)	(45)		(133)	(78)		1	1		0	(0)	(178)	(122)	
Profit after taxes of the discontinued operations				(820)								(820)		
Net Profit	**212**	**237**	**+11.4%**	**(526)**	**230**	**n/a**	**45**	**40**	**-11.7%**	**62**	**(79)**	**(206)**	**427**	**n/a**
Margin	*1.4%*	*1.6%*		*-5.8%*	*3.3%*		*3.7%*	*3.2%*				*-0.8%*	*1.9%*	

* Corresponds to BICC's contribution, net of minority interests.

Amongst HOCHTIEF's different areas of activity, it is worth highlighting:

- HOCHTIEF America's showed resilience in its business with an 11.4% year-on-year growth in Net Profit reaching € 237 million, thanks to the significant improvement in operating margins and the lower tax burden. HOCHTIEF America's sales declined by 4.3%, or 2.7% in local currency, due to the impact of the pandemic, mainly in the US where the Group was experiencing double-digit growth.

- Sales in Asia Pacific (CIMIC) decreased by 14.2% (adjusted by the isolated impact of Gorgon), affected by the impact of COVID-19 in the region, that led to delays in the projects' execution and, by the Australian dollar depreciation. Operating margins, excluding the extraordinary impacts of Gorgon and Thiess transaction, improved due to the business mix. Net Profit amounted to € 230 million while in the previous year, net profit reflected the impact of provisions for the Middle East exit (BICC).

- Europe showed a positive sale's evolution despite COVID-19; particularly, thanks to the good performance in Germany. Likewise, operating margins improved significantly.

- Holding's Net Profit included Abertis' net contribution in the period from HOCHTIEF's stake amounting to negative € (17) million, in contrast with the positive € 122 million from the last period.

©CPB Contractors

CONCESSIONS

CONCESSIONS			
EURO MILLION	2019	2020	Var.
Sales	**88**	**87**	**-1.3%**
Iridium	88	87	
Abertis	-	-	
EBITDA	**358**	**(9)**	**-102.6%**
Iridium	52	34	
Abertis	306	(43)	
EBIT	**341**	**(24)**	**-107.0%**
Iridium	36	19	
Abertis	306	(43)	
Net Profit	**255**	**(1)**	**-100.4%**
Iridium	10	33	
Abertis	245	(35)	

IRIDIUM

The sale of 74% of the capital of a holding that had all the stake in six shadow toll concession in Spain was agreed in 2019 last quarter. This transaction was completed in 2020 first half.

Iridium, apart from holding 26% stake in the company owner of the concessions, continues managing and operating these assets.

ABERTIS

Abertis' contribution to the Group's Net profit amounted to negative € 34.5 million, from which € 25.6 million corresponded to ACS direct stake, and the remaining € 8.9 million, corresponded to the indirect stake through HOCHTIEF, once minority interests were deducted.

Abertis was substantially affected by the lockdown and mobility restrictions introduced in most of the countries where it operates, causing drastic falls in the average daily traffic since mid-March 2020, with sharp declines in the second quarter of the year. Abertis' revenues dropped by 24% and EBITDA by 30%; therefore it had a negative contribution to ACS's net profit € (35) million, i.e. € 280 million less than the previous year.

Abertis paid € 875 million in dividends to its shareholders in 2020, of which ACS received a total amount of € 432 million.

In June, Abertis completed the acquisition of Red de Carreteras de Occidente (RCO) in Mexico, one of the largest highway operators in the country. The 53% investment rose up to € 1,477 million.

Moreover, in December 2020, Abertis and Manulife Investment Management closed the acquisition of 100% of Elizabeth River Crossings (ERC), in Hampton Roads (Virginia), for approximately € 1,000 million, leaving Abertis with a 55.2% stake in the acquiring consortium. The integration of this asset would strengthen Abertis' growth platform in the United States, and would facilitate the analysis of future opportunities.

ABERTIS			
EURO MILLION	2019	2020	Var.
Sales	5,361	4,054	-24%
EBITDA	3,737	2,628	-30%
Net Profit (Pre PPA)	1,101	375	-66%
Net Debt	**21,017**	**23,626**	**+12%**

4.6 EVOLUTION OF THE INDUSTRIAL SERVICES BUSINESS AREA

Sales in Industrial Services accounted for € 5,850 million, decreasing by 10.4%, 2.8% adjusted by exchange rate effects.

EBITDA in 2020 amounted to € 661 million, 4.6% less. However, EBITDA adjusted by exchange rate increased by 5.5% due to American currencies depreciation against the euro. Margin over sales was 11.3%, 70 b.p. higher than the previous year due to the business mix, given the good performance of higher margin activities, such as renewables and specialized products.

Net profit accounted for € 312 million, 48.0% lower than in 2019. The decline is due to the capital gain on the sale of the photovoltaic plants located in Spain to Galp recorded in 2019, amounting to € 250 million. Excluding this non-recurring impact, net profit on Industrial Services area decreased by 10.9% compared to the previous year.

INDUSTRIAL SERVICES

EURO MILLION	2019	2020	Var.
Turnover	**6,530**	**5,850**	**-10.4%**
EBITDA	**693**	**661**	**-4.6%**
Margin	*10.6%*	*11.3%*	
EBIT	**594**	**557**	**-6.2%**
Margin	*9.1%*	*9.5%*	
Net Profit	**600**	**312**	**-48.0%**
Margin	*9.2%*	*5.3%*	
Backlog	**9,924**	**8,916**	**-10.2%**
Months	*18*	*18*	

EURO MILLION	SALES PER GEOGRAPHICAL AREAS 2019	2020	Var.	BACKLOG PER GEOGRAPHICAL AREAS Dec-19	Dec-20	Var.
Spain	2,612	2,167	-17.0%	2,531	3,267	+29.1%
Rest of Europe	430	488	+13.4%	615	917	+49.2%
North America	1,102	703	-36.2%	1,412	1,015	-28.1%
South America	1,796	1,716	-4.5%	3,729	2,697	-27.7%
Asia Pacific	368	437	+18.5%	960	564	-41.3%
Africa	222	339	+52.7%	677	457	-32.5%
TOTAL	**6,530**	**5,850**	**-10.4%**	**9,924**	**8,916**	**-10.2%**

Backlog amounted to € 8,916 million, equivalent to 19 months, 1.8% less adjusted by exchange rate. International Backlog represented 63.4% of total.

The good evolution of new awards stood out in the European market, mainly in Spain, thanks to the entry of new renewable energy projects.

TURNOVER BREAKDOWN BY ACTIVITY

EURO MILLION	2019	2020	Var.
Support Services	3,714	3,729	+0.4%
Networks	680	569	-16.3%
Specialized Products	2,125	2,304	+8.4%
Control Systems	909	855	-5.9%
EPC Projects	2,783	2,073	-25.5%
Renewable Energy: Generation	42	53	+25.7%
Consolidation Adjustments	(9)	(5)	
TOTAL	**6,530**	**5,850**	**-10.4%**
International	3,919	3,683	-6.0%
% over total sales	60.0%	63.0%	

BACKLOG PER ACTIVITY

EURO MILLION	Dec-19	Dec-20	Var.
Support Services	5,339	4,664	-12.7%
Networks	628	599	-4.6%
Specialized Products	3,323	2,719	-18.2%
Control Systems	1,388	1,346	-3.1%
EPC Projects	4,534	4,176	-7.9%
Renewable Energy: Generation	51	77	n.a
TOTAL BACKLOG	**9,924**	**8,916**	**-10.2%**
International	7,393	5,649	-23.6%
% over total backlog	74.5%	63.4%	

4.7 EVOLUTION OF THE SERVICES BUSINESS AREA

The impact of COVID outbreak on Services' activity was uneven. On the one hand, there was a reinforcement of some cleaning and disinfection of critical facilities such as hospitals or public dependencies. On the other hand, there was a drastic reduction of cleaning services of social infrastructure that temporarily ceased their activity such as schools, leisure centres, non-essential facilities and air transport. The impact on margins was due to a cost overrun of specific materials for users and workers' health safety and the social coverage of the latter.

EBITDA for Services area reached € 61 million, down by € 33 million as a result of the substantial increase in costs arising from the COVID-19 related occupational health and safety action plans, mainly during the second quarter of the year.

Likewise, Clece contributed its technical and human resources to the services of society, carrying out various activities altruistically.

SERVICES

EURO MILLION	2019	2020	Var.
Turnover	**1,579**	**1,555**	**-1.5%**
EBITDA	**94**	**61**	**-34.8%**
Margin	*5.9%*	*3.9%*	
EBIT	**57**	**21**	**-63.0%**
Margin	*3.6%*	*1.3%*	
Net Profit	**38**	**18**	**-53.9%**
Margin	*2.4%*	*1.1%*	
Backlog	**2,863**	**2,701**	**-5.6%**
Months	*22*	*21*	

Services Backlog reached € 2,701 million, equivalent to over 21 months of production.

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2019	2020	Var.
Spain	1,463	1,437	-1.8%
United Kingdom	92	98	+5.6%
Portugal	23	20	-12.3%
TOTAL	**1,579**	**1,555**	**-1.5%**

BACKLOG PER GEOGRAPHICAL AREAS

EURO MILLION	Dec-19	Dec-20	Var.
Spain	2,600	2,490	-4.2%
United Kingdom	186	136	-26.6%
Portugal	77	75	-2.9%
TOTAL	**2,863**	**2,701**	**-5.6%**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5. CONSOLIDATED NON-FINANCIAL STATEMENT

5.0 ACS GROUP BUSINESS MODEL
5.1 ENVIRONMENT
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5.3 OCCUPATIONAL HEALTH AND SAFETY
5.4 REGULATORY COMPLIANCE
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5.0 ACS GROUP BUSINESS MODEL

The ACS Group is a worldwide reference in the construction and services business. As a global company, it participates in developing key sectors for the world economy, while at the same time maintaining a commitment to the economic and social progress of the countries in which it operates.

The ACS Group has consolidated a business model characterised by its broad geographic and activity diversification. The main areas of the Group are divided into:

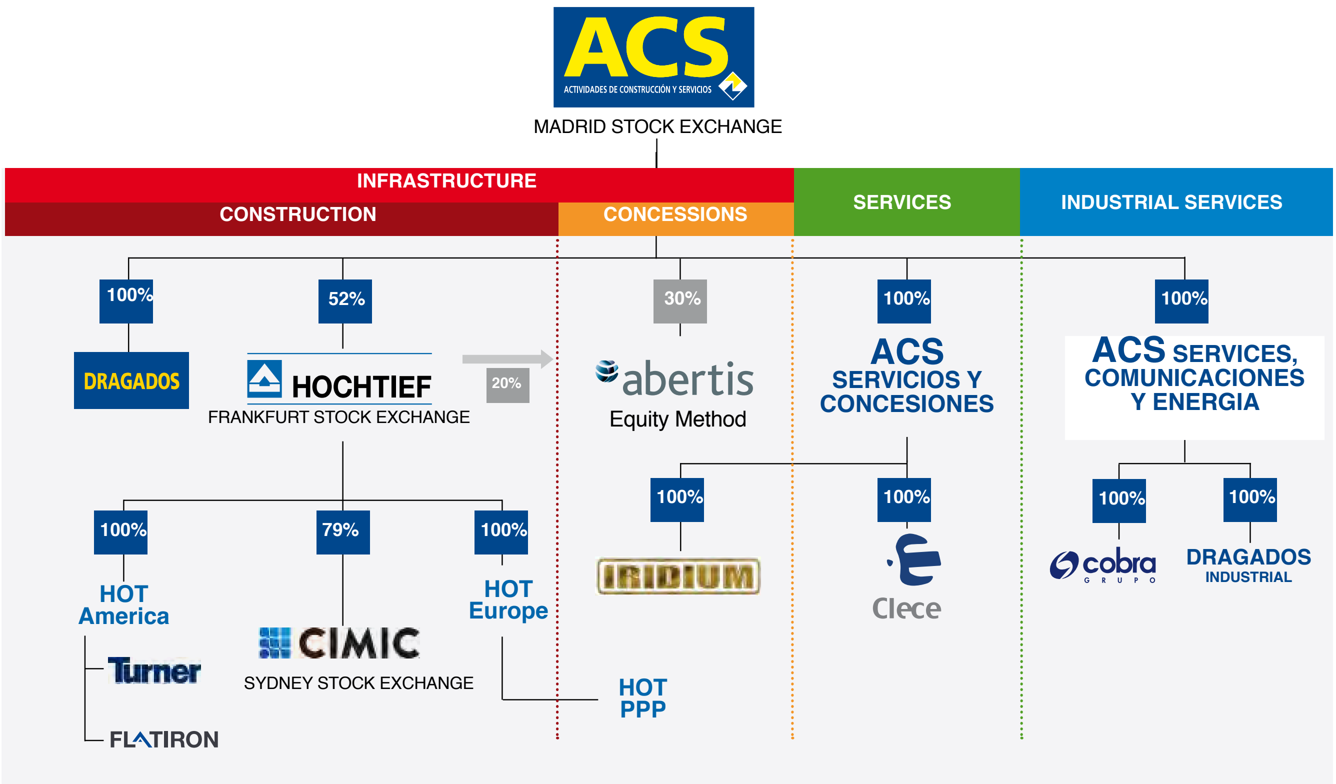
a) Infrastructure
This area comprises the Construction and Concession activities through the companies Dragados, HOCHTIEF (including CIMIC), Iridium and the stake in Abertis, and is aimed at executing all types of civil works, building projects, as well as activities related to the mining sector (carried out by CIMIC, mainly in the Asia Pacific region), and developing and operating transport concessions.

The geographic regions with the greatest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed and secure markets at geopolitical, macro-economic and legal levels.

b) Industrial Services
In the area of applied industrial engineering, ACS carries out construction and maintenance activities and operates energy, industrial and mobility infrastructure through an extensive group of companies headed by the Cobra Group and Dragados Industrial. This area is active in more than 50 countries, with a predominant exposure of the Mexican, Brazilian and Spanish markets, although with growth in new Asian and Latin American countries.

c) Services
It covers the activity of Clece, which offers comprehensive maintenance services for buildings, public places or organisations, as well as assistance to people. This area is developed mainly in Spain, although with emerging growth in the European market.

For more information on the ACS Group's business model: 2. The ACS Group



5.0.1. STRATEGY AND TRENDS

The ACS Group's context of operational decentralisation requires it to adapt its strategy to the challenges and opportunities presented in a more complex and competitive sector. The Group's strategy is focused on the fact that all companies share common values and culture, while at the same time operating independently, individually contributing a multitude of valid and profitable management formulas that generate shared knowledge and best practices.

The ACS Group is positioned as one of the world's leaders in the construction and services industry, with a clear and defined mission: to pursue global leadership, optimise the return on resources used and promote sustainable development, while generating shared value for all of its stakeholders and promoting sustainable and profitable growth for its shareholders.

These commitments are implemented through the Group's Sustainability Policy, approved by the ACS Board of Directors in December 2020. This policy defines the principles of action for the ACS Group in this area, as well as the Group's relationship with its environment.

As part of the Group's commitment to information transparency, the description of the existing policies in regard to non-financial issues, as well as the results of the policies, including key performance indicators, is presented throughout this Consolidated Non-Financial Statement. In order to ensure maximum rigour and transparency, this document was prepared following the requirements established by the international standards in the area of reporting, such as the *GRI Standards*. The related indicators have been verified by an independent third party in accordance with the standard (ISAE) 3000.

The content of the report was selected based on a preliminary analysis that identified the most relevant issues for the company and its principal stakeholders. This analysis also identified the main factors and trends that could affect the evolution of the Group's activity, as well as the main risks associated with them.

The detailed conclusions of this analysis can be consulted in section 7.2., but as a summary, the future scenario in which the ACS Group will carry out its activity in the coming years will be marked by the following factors:

- Geopolitical and regulatory changes.
- Population growth and urbanisation.
- Health crisis.
- New financing models.
- Digitisation and data management.
- Growing demand for resilient infrastructure.
- Climate change and decarbonisation.
- Circular economy and efficient use of resources.
- Sustainable production model.
- New work and human resource management models.

For further information:
2.3. Based on a consolidated corporate strategy that creates shared value

2.4. How does it respond to the challenges and opportunities in the sector

7.2. Identification of relevant issues

5.0.2. RISKS

In regard to risk management, the ACS Group carries out its activities in different industries, countries and socio-economic and legal environments, which entails exposure to different levels of risk inherent to the businesses in which it operates.

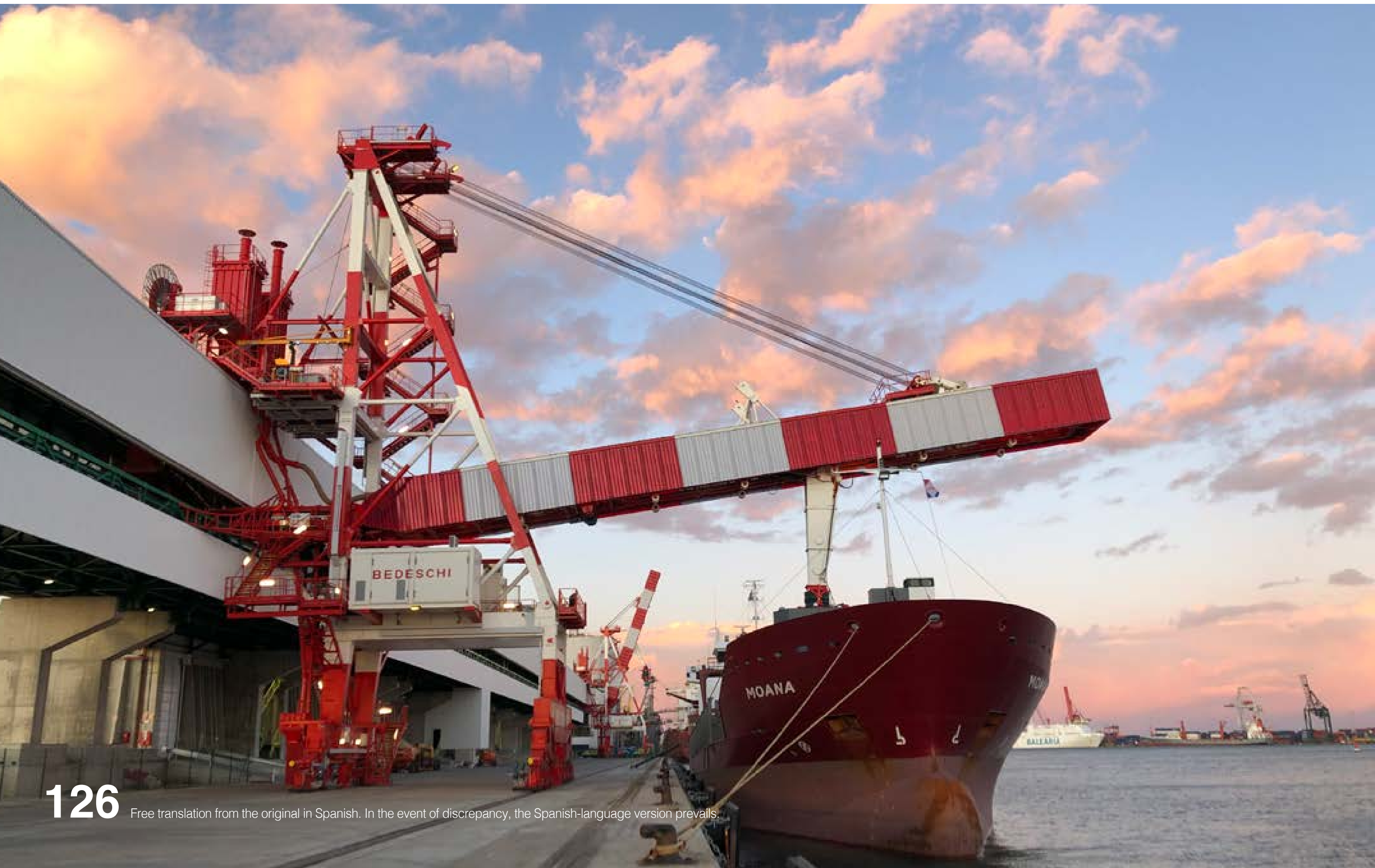
In 2020, the ACS Group approved the update of **General Risk Control and Management Policy**, as well as the Integrated Risk Control and Management System, in line with the update of the Good Governance Code of Listed Companies in June of the same year.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate these risks and achieve the objectives established by the Board of Directors. The Corporate Unit is responsible for determining the basic guidelines for the purpose of unifying the operating criteria in each of the divisions to guarantee an adequate level of internal control. The companies and divisions that form part of the Group are responsible for developing the required and appropriate internal regulations so as to implement internal controls that guarantee the optimum performance thereof based on the particular nature of their activities.

In this respect, the Board of Directors of the Parent Company of the Group has established a framework of appropriate policies and controls to prevent corruption and other irregular practices, as well as to identify, assess, manage and control the risks, both financial and non-financial, as well as the potential impacts associated with them. This process includes full involvement of the Audit Committee, which is responsible for overseeing both the effectiveness of internal control and internal audit, and ensuring the strict application of the policies and controls established.

The responsibility of the Board of Directors notwithstanding, the Audit Committee ensures compliance with the transparency obligations of the company and, in particular, because the information included in this Non-Financial Statement (NFS), the Annual Corporate Governance Report (ACGR) and the Annual Directors Remuneration Report (DRR) is sufficient to allow the market and investors to understand the scope and importance of the corresponding facts and risks in the area of Non-Financial Information.

For further information:
2.5. With efficient risk management



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Specifically in relation to non-financial risks, according to the general map updated in 2020, the main risks that were detected that they may pose to the execution of the activity of the company:

For further information: 7.2. Identification of relevant issues

SOCIAL

COVID management: refers to the risks related to the impact on operations arising from pandemics or other health crisis and that could lead to delays in projects and labour management issues, among others.

Safety and health risks and occupational risk prevention: due to the activity of the ACS Group, the incidents or accidents that affect the safety and health of employees, whether direct employees or subcontracted workers, are a material issue for the company as it works towards 'zero-accident' operations.

Labour relations: inadequate management of key aspects in human resources, such as collective bargaining, remuneration models, resource planning, absenteeism, training and employment conflicts, which could have a negative impact on meeting business objectives.

Attracting and retaining talent: lack of availability of qualified and trained human resources necessary to carry out the Group's activities. This risk takes into account the entire hiring process: training, professional development and satisfaction.

Ineffective internal communication: lack of communication from management with the teams, which could negatively affect human resource management and employment relationships, and could pose a risk in meeting objectives, developing people and in the work environment.

Procurement and subcontracting processes: contracting external services has associated risks due to the unavailability of suitable companies or professionals, inadequate selection or lack of capacity to meet the obligations taken on, which could lead to delays, cost overruns or quality failures.

Impact on the economic - social environment: the risk of having a negative economic and social effect as a result of the Group's activity in local communities and responsible supply chain.

Relationship with the client: inadequate management of relationships with clients can have different negative impacts on revenue, as well as the reputation of the business. In addition, there are risks associated with market conditions that are beyond the control of the ACS Group.

Violation of human rights: the risk arising from failure to comply with the ACS Group's business commitment to the UN Global Compact on Human Rights and Labour, as well as the regulations in force in the countries in which the Group operates.

External communication with stakeholders: the risk of improperly communicating financial and non-financial information to the principal stakeholders of the ACS Group (investors, shareholders and voting advisers) such that information requirements for stakeholders are not met.

Information security and cyber-attacks: the existence of cyber-threats could result in the loss of tenders, prolonged halting of operations, uncontrolled access, information leakage and data.

ENVIRONMENTAL

Efficient use of resources and circular economy: inadequate use or failure to take advantage of the natural resources necessary to carry out the activities that do not contribute to a circular economy model can lead to scarcity and depletion of resources.

Climate change and energy efficiency: the occurrence of natural disasters or other events arising from climate change, as well as the failure to comply with new regulations and environmental and energy efficiency regulations can impact the Group's activities and their cost.

Biodiversity: generating negative impacts on protected areas or areas with high ecological value, as well as performing activities in areas that are already affected, can result in a limitation of resources and opposition from local communities.

5.0.3 EVOLUTION OF RELEVANT INDICATORS FOR THE NON-FINANCIAL MANAGEMENT OF THE ACS GROUP

In accordance with Law 11/2018, this Non-Financial Statement contains the information necessary to understand the evolution, results and situation of the ACS Group, and the impact of its activity with regard, at least, to environmental and social issues, respect for Human Rights and the fight against corruption and bribery, as well as its activities in regard to personnel.

In a year marked by the unprecedented health, economic and social crisis in the COVID-19 pandemic, the ACS Group focused its efforts on ensuring the continuity of its business while taking all of the necessary measures to ensure the health and safety of all its employees and collaborators. The sharp drop in economic activity and the mobility restrictions to combat the spread of the pandemic have affected ACS Group business to a greater or lesser extent, which has had a direct impact on the evolution of the most relevant indicators within the management of the ACS Group.

EVOLUTION OF RELEVANT NFIS INDICATORS

ENVIRONMENTAL ISSUES	2019	2020
Percentage of turnover covered by ISO 14001 Certification	75.6%	74.1%
Hazardous waste (tn)	130,343	389,150
Non-hazardous waste (tn)	12,669,950	15,713,510
Scope 1 emissions (tCO_2)	3,001,287	2,683,671
Scope 2 emissions (tCO_2)	277,291	183,375
Scope 3 emissions (tCO_2)	2,714,878	1,937,759
Total energy consumption (MWh)	12,669,432	11,258,838
Electricity consumption from renewable sources (MWh)	63,323	64,246
SOCIAL AND PERSONNEL ISSUES		
December 31Workforce	190,431	179,539
% Men workforce	58.5%	57.7%
% Women workforce	41.5%	42.3%
% Mid-level educational degrees and above	17.0%	17.9%
% Non-qualified technicians and Administrative staff	19.7%	18.8%
% Other staff	63.3%	63.3%
% Permanent Contracts	65.4%	67.4%
% Temporary Contracts	34.6%	32.6%
Number of women in management positions	2,322	2,323
% Employees in centres covered by Equality Plans	72.0%	76.6%
% Employees in centres with Universal Accessibility	85.4%	82.6%
Employees belonging to vulnerable groups	10,013	10,047
Total training hours given	2,990,789	2,567,469
Employees participating in training activities	111,383	80,743
Investment in training per employee (of total employees trained) (euros)	311.1	311.5
Percentage of total employees covered by OHSAS 18001 certification (Occupational Health and Safety) or ISO 45001	91.3%	92.0%
Percentage of total employees who have received an occupational health and safety course who have received at least one occupational health and safety course in their professional career	99.2%	99.3%
Investment in occupational health and safety per employee (euros/employee)	778.1	1,196.7
Frequency Rate	10.46	9.06
Severity Rate	0.34	0.31
Incidence Rate	20.84	17.15

EVOLUTION OF RELEVANT NFIS INDICATORS

ETHICS, HUMAN RIGHTS, CONTRIBUTION TO SOCIETY		
Number of employees trained in Human Rights, Ethics, Integrity, Conduct in the year or other compliance policies and procedures	67,260	58,892
Number of courses given with content on Human Rights, Ethics, Integrity, Conduct or other compliance policies and procedures	1,255	840
Funds allocated to Social Action (millions of euros)	13.1	18.9
OTHER INFORMATION ON THE COMPANY		
Companies with formal supplier/subcontractor approval systems	98.6%	98.1%
Weighted average weight for expenses that have the sustainability-related factors (environmental, ethical and social criteria) out of the total factors used in the approval systems	33.0%	38.5%
Frequency Rate (contractors)	2.91	2.94
Severity Rate (contractors)	0.10	0.16
Percentage of turnover from activities certified under the ISO 9001 standard (%)	55.0%	54.4%
Investments and expenses of the Quality Control Department or earmarked to improve quality management processes to turnover (excluding personnel expenses, euros/millions of euros turnover)	2.4	2.8
Number of quality audits per million euros of billings	0.317	0.415
Investment R & D (million euros)[1]	37.8	53.4

[1] Scope of data in 2019 30.5% of turnover and 26.4% in 2020

The scope of the information included in this NFIS is shown specifically for each indicator in point 7.3.3. Given the Group's size and diversification (in terms of both geography and sector), there may be changes in the information reported from the previous year as a result of changes in scope or perimeter (see Annex 7.3.3) or changes in the format of a report in order to adapt them to national and international requirements. As much as possible, the information included in this Non-Financial Statement has been organised in such a manner to allow stakeholders to interpret the changes experienced by the ACS Group with respect to previous years. For the sake of comparability of the data, where possible, certain 2019 data were recalculated with the same scope as the data reported in 2020, and in those cases in which the data could not be recalculated retroactively, the historical data is provided for information purposes.

5.1 ENVIRONMENT

ACS Group Environmental Policy

The ACS Group integrates efficient resource management and environmental protection into its business objectives, operating under the principles of precaution and conservation of the natural environment to minimise the impact of its operations. Likewise, due to the climate emergency, the ACS Group aims to contribute to the transition to a low carbon economy by promoting products and services that have a smaller impact on the environment and improving the efficiency of processes in its activities.

As a result of these commitments, the company has defined an environmental management framework comprising the Group's **Environmental Policy,** approved by the Board of Directors on 14 November 2018, which is articulated by the different management systems implemented in the Group companies.

For this reason, the main environmental measures implemented by the ACS Group companies are governed by the basic principles of action developed in the policy. These guidelines are flexible enough to accommodate the specific procedures and mechanisms of each of the Group companies. The commitments established in the Environmental Policy are:

1. Compliance with applicable legislation and regulations, as well as other commitments voluntarily accepted by each of the Offices, Delegations, Projects, Works and Services carried out by the ACS Group.

2. Prevention of pollution, based on the assessment of the potential risks to the environment in each of the phases of the project, work or service, with

the aim of designing processes to minimise the environmental impact.

3. Continuous improvement management of its environmental performance, by establishing and monitoring environmental objectives.

4. Transparency in external communication, by periodically publishing information on environmental performance to all stakeholders, based on their demands and expectations, either due to regulatory compliance or voluntarily.

5. Training and increasing awareness, through training and awareness activities for employees, suppliers, clients and other stakeholders.

The company's environmental policy in the Group's companies is implemented through the environmental management systems, which ensure the correct management of environmental risks and opportunities, as well as the ongoing improvement of the company's performance.

To this regard, 97.4% of the Group's turnover is generated by companies that have management systems certified under ISO 14001 or other certification systems. The Group applies the principle of precaution through these certifications. Likewise, the environmental management systems are verified by an external third party in companies representing a 98.1% the Group's turnover and, in 2020, 1,992 environmental audits.

Thanks to this environmental management and control framework, the ACS Group identifies the main impacts on the environment. In this regard, due to the Group's activity, it the consumption of natural resources, generation of greenhouse gas emissions, production of waste and the possible impact on biodiversity have been identified as key areas in the management of the company.

Level of implementation of the environmental management systems in ACS Group companies(expressed as % of turnover)	2019	2020
Implementation of ISO 14001 certification	75.6%	74.1%
Implementation of other certifications	22.4%	23.3%

Based on the management framework described above, the ACS Group has defined four key policy areas for environmental management, focusing specifically and operationally on:

1. Fighting climate change (including energy and emissions).
2. Circular economy.
3. Efficient and responsible use of water resources.
4. Protection of biodiversity.

Lastly, it should be mentioned that 2020 was an unusual year in terms of the ACS Group's environmental performance. The health crisis caused by COVID-19 caused a large number of projects to be halted or delayed, which had a direct impact on the results of the environmental indicators. For the purposes of comparison, the Group's key environmental performance indicators for the period of the last four years are included throughout this chapter, so that their evolution can be referenced and the expected results in a normal situation can be predicted.

5.1.1. THE FIGHT AGAINST CLIMATE CHANGE

Concern about the risks arising from climate change requires Governments and companies to be involved in contributing to a production and consumption model that is less carbon intensive.

As a global company, the ACS Group is aware of the important role it can play in the fight against climate change since the construction sector is considered to be one of the most carbon intensive. For this reason, the ACS Group has included the promotion of energy efficiency and reducing emissions in its business activities as one of its global objectives.

Between 2015-2020, the ACS Group managed to reduce the intensity of scope 1 emissions by 21.9% and scope 2 emissions by 35.0% (relative figures based on turnover), in accordance with the objectives established in the 20-20 Plan.

The basic principles governing the Group's actions in this area are included in the Group's Environmental Policy and focus on:

- Considering and assessing the climate change impacts of its activities, products and services.
- Minimising energy consumption and the emission of greenhouse gases generated by its activities.
- Establishing greenhouse gas emission reduction targets aligned with the latest trends and standards.
- Establishing mechanisms to manage the use of energy and emissions, to objectively measure performance and decision-making.
- Identifying opportunities to promote environmentally-friendly products and services, adapted to the potential impacts of climate change and that contribute to the transition to a low-carbon economy.

In 2020, the Group continued to develop its reporting model to be able to report information relating to risks and opportunities related to climate change in accordance with the recommendations of *Task Force on Climate-Related Financial Dissolution* (TCFD), as well as to be able to establish quantitative reduction objectives in the short-medium term.

GOVERNANCE

The Board of Directors of the ACS Group, as the highest governance body, is responsible for overseeing the overall climate change strategy. Through its functions, it approves the development of the policies required to meet the climate challenges of the business, leaving the Group companies responsible for developing their own management mechanisms depending on the type of activity and geographic area.

In addition, the ACS Group's Audit Committee is responsible for monitoring aspects related to climate change, as it has been given the function of supervising internal regulations, which includes the Sustainability Policy and the Environmental Policy, as well as managing financial and non-financial risks. The Committee's responsibilities include the ongoing review of the implementation and development of the Group's Environmental Policy, of the action plans, procedures and improvement programmes implemented by the Environmental Department of each one of the Group's divisions, with a special focus on climate change issues.

STRATEGY

To meet the challenges of the climate crisis, the ACS Group has given these issues more importance in the Group's governance and management model. In addition to the basic principles of action included in the Group's Environmental Policy, the approval of the Group's Sustainability Policy defines the fight against climate change as one of the basic principles of action and the future 2021-2025 Strategic Sustainability Plan, which will be approved in 2021, will be the backbone of the Group's climate strategy. All aimed at anticipating and managing the risks arising from climate change, as well as identifying new opportunities with the development of new sustainable environmentally-friendly solutions.

The ACS Group also has a risk management system that integrates financial and non-financial risks, including the risks associated with climate change. In this regard, the analyses arising from the risks to which the company is exposed are considered in both the company's decision-making and in the design of the ACS Group's strategy. For this reason, ACS has a strategy that allows it to operate in such a way as to ensure the resilience of its activity in the short, medium and long terms.

MANAGEMENT OF RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

In order to respond to the need for global and standardised risk management, the Corporate Unit has established a model which includes the identification, assessment, classification, valuation, management and follow-up of risks at the Group and operating division levels.

The ACS Group's Risk Management System identifies the risks arising from climate change and assesses different risk scenarios by categorising two types of risks:

- Physical risks, which are expected to give rise to more frequent extreme weather events or natural disasters.

- Transition risks, which are related to regulatory changes and market changes aimed at adapting and mitigating climate change.

The physical risks involve adapting to climate change in the infrastructure design and execution phases to ensure their resilience or reduced productivity in the event of adverse weather conditions. On the other hand, transition risks have a direct impact on the energy use model and prices for fossil fuels and raw materials.

Likewise, according to the risk map prepared by the Group, specific risks related to climate change have been identified based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches. These risks, together with the management and mitigation measures, are covered in section 5.1.5.

In regard to the opportunities identified, the ACS Group has consolidated experience in the development of environmentally friendly products and services, adapted to the impacts of climate change and contributing to the transition to a low-carbon economy. In 2020, through Hochtief, the Green Building and Green Infrastructure projects managed totalled approximately EUR 8,300 million in 2020 (compared to EUR 8,000 million 2019), while, in Dragados, turnover of sustainable certification construction projects exceeded 15% in 2020.

The ACS Group also has a consolidated position in the area of renewable energy and, in 2020, the Group's portfolio of energy projects in development totalled more than 24,668 MW, with 11,730 MW corresponding to photovoltaic plants and 11,964 MW to wind farms. These figures make the Group one of the most dynamic agents in the sector, and growth prospects in this area are positive, as investment in green energy projects is expected to increase to support the decarbonisation process of the global economy.

The ACS Group also participates in the development of innovative applications in the field of transport, energy storage and mobility, as well as in the use of more efficient construction materials and processes within the framework of the fight against climate change.

TARGETS AND MONITORING INDICATORS

To effectively monitor the commitment taken on by the ACS Group in relation to climate change, Greenhouse Gas (GHG) emissions are monitored at all of the Group's levels. In fact, it is increasingly common among the Group companies to have their own carbon footprints certified by an independent external party.

It is important to note that in 2020, the impact of COVID-19 led to a sharp reduction in all of the scopes of GHG emissions as a result of the decline in activity. The evolution of the calculation of the scope 1, 2 and 3 emissions in the last four years of the ACS Group is included below.

CO_2 emissions by areas of activity (TCO_2eq)*	2017	2018	2019	2020
TOTAL ACS GROUP	**5,933,726**	**6,368,019**	**5,993,456**	**4,804,804**
Scope 1	2,436,364	3,073,384	3,001,287	2,683,671
Scope 2	371,274	265,501	277,291	183,375
Scope 3	3,126,088	3,029,134	2,714,878	1,937,759
Emissions intensity (total emissions/sales)	179	182	158.6	139.7
INFRASTRUCTURE: TOTAL EMISSIONS	**5,817,105**	**6,217,424**	**5,823,231**	**4,684,354**
Scope 1	2,374,760	2,976,395	2,891,051	2,584,051
Scope 2	339,916	232,939	235,137	174,914
Scope 3	3,102,429	3,008,090	2,697,043	1,925,389
Emissions intensity (total emissions/sales)	226.5	224.9	195.2	171.5
INDUSTRIAL SERVICES: TOTAL EMISSIONS	**92,842**	**124,777**	**152,132**	**105,807**
Scope 1	47,766	80,574	95,814	86,767
Scope 2	24,807	27,249	41,477	8,444
Scope 3	20,269	16,954	14,841	10,595
Emissions intensity (total emissions/sales)	15.4	20.9	23.7	19.1
SERVICES: TOTAL EMISSIONS	**23,779**	**25,819**	**18,093**	**14,644**
Scope 1	13,838	16,416	14,423	12,853
Scope 2	6,551	5,313	676	17
Scope 3	3,390	4,090	2,994	1,775
Emissions intensity (total emissions/sales)	16.4	17.9	11.7	9.6

*For the calculation of Scope 1 emissions, the conversion factors provided by Defra (Department for Environment, Food & Rural Affairs) for the different types of fuels reported in the report have been taken as a general reference. For Scope 2 the conversion factors provided by the International Energy Agency for the different geographical areas are taken as a general reference. In Scope 3 the conversion of employee travel is calculated using Defra's conversion factors for each type of transport as a reference.

In Industrial Services the increase in 2018 is due to the fact that Scope 1 emissions include for the first time data from Cobra companies in Colombia and Scope 2 includes for the first time the electricity consumption of Cobra's division in Peru. In Infrastructure, the scope has been increased, including in 2018-2020 data from Dragados USA and Dragados Canada.

The reduction in Scope 2 emissions in Services since 2018 is due to the purchase of renewable electricity with guaranteed origin. Scope 2 emissions reductions in Infrastructure and Industrial Services are due to the promotion of the use of renewable-sourced electricity.

Scope 3 emissions include those calculated from employee travel. In 2020, HOCHTIEF also includes the calculated emissions from the Supply Chain (Cement, Wood, Waste and Steel). Also, in 2020, the reduction in Scope 3 emissions is due to less employee travel due to the pandemic.

The objectives set by the Group in relation to climate change are the ones established in 20-20 Plan, which includes a commitment to reduce the intensity of Scope 1 and Scope 2 emissions below the levels obtained in 2015 and that, as of the date of the plan, the ACS Group has achieved. In this regard, the Group, aware of the importance of the climate problem, is working on defining more ambitious targets as part of its new strategic sustainability plan.

Likewise, and notwithstanding the new overall objectives that the Group is defining, on an individual level, the different Group companies have defined quantitative objectives. One example is Turner, which in 2019 committed to reducing its GHG emissions by 50% by 2030.

VIAS, COMMITTED TO REDUCING EMISSIONS

As a result of its commitment to the fight against climate change, in 2020, VIAS renewed its registration in the National Registry of Carbon Footprint, Compensation and CO_2, ('Sections A and C'), created by the Spanish Office of Climate Change (OECC) as a body under the Ministry for Environmental Transition (MITECO). This Registry recognises the efforts by organisations to calculate and reduce the GHG emissions they generate in their activity, while promoting the possibility of completely or partially offsetting their carbon footprint through a series of forestry projects.

Compared to the three-year period 2016-2018, VIAS was able to reduce the intensity of GHG emissions for the three-year period 2017-2019, for scopes 1, 2 and 3, complying with its commitment to reduce emissions. Furthermore, and for the second consecutive year, VIAS once again offset some of its GHG emissions through the REFO-RESTA FASE V absorption project, registered in the 'Section B' of the Carbon Footprint, Compensation and Absorption Projects Registry. Based on the creation of a forest, through the reforestation of an area without forest mass (12.77 hectares) with indigenous species (Quercus ilex, Quercus faginea, Pinus nigra, Pinus pinea, Prunus amygdalus, Crataegus monogyna), it acts as a CO_2 sink the Municipality of Santa María del Campo (Burgos).

This registration enabled VIAS to obtain the 'Calculo - Reduzco - Compenso' stamp as an indication of its commitment to energy and climate change and to certify the additional effort to reduce its emissions annually and partially offset them through CO_2 absorption projects recognised by the Ministry.

In 2020, ACS Group companies carried out initiatives to reduce GHG emissions, with an estimated emission savings of 14,887.5 of tonnes of CO_2 in initiatives such as electricity supplies with a guarantee of renewable origin or vehicle replacement and substitution. For example, if in the previous year Clece replaced its fleet with Eco vehicles, making it possible for it to obtain recognition of an Ecological Fleet, and in 2020, SEMI continued along this line and introduced 15 LPG/microhybrid vehicles and 95% of its fleet complied with EURO6 regulations, which has regulated the emissions of pollutant gases in new vehicles since 2015.

The ACS Group has also committed to minimising emissions other than Greenhouse Effect Gases (GHG) emissions, taking into account other pollutant gases (NOx, SOx or ozone-depleting substances), noise emissions and other possible disturbances arising from the activity such as light pollution.

SUSTAINABLE CONSTRUCTION

One of the indirect impacts of the ACS Group's activity that can have the greatest impact on climate change is the operation of the infrastructure that is constructed. For this reason, the ACS Group promotes sustainable construction in its projects, following the main standards in this area. HOCHTIEF and its subsidiaries stand out in this area.

Since 2000, a total 852 projects have been registered and certified according to different efficient-construction certifications. By type of certification, in Turner's constructions, the LEED standard predominates, while CIMIC uses the Australian Green Star Methodology of the GBCA (Green Building Council of Australia) and LEED. The main certifications used by HOCHTIEF Europe are DGNB, LEED and BREEAM. Likewise, since 2013, 4 projects have been certified in terms of efficient infrastructure (CEEQUAL, ISCA and Greenroads).

In 2017, Dragados began to obtain certification for different construction projects certified under LEED and BREEAM, and over the last two years, the objective has been extended to infrastructure projects.

Main sustainable-construction certifications in the ACS Group:

GREEN BUILDINGS EN HOCHTIEF*	2017	2018	2019	2020
HOCHTIEF Americas	605	632	647	676
HOCHTIEF Asia Pacific	65	76	80	80
HOCHTIEF Europe	79	81	92	96
HOCHTIEF GROUP	**749**	**789**	**819**	**852**

* Number of green buildings within the HOCHTIEF Group (since 2000).

GREEN INFRASTRUCTURE EN HOCHTIEF**	2017	2018	2019	2020
HOCHTIEF Americas	1	1	1	1
HOCHTIEF Asia Pacific	19	22	28	32
HOCHTIEF Europe	7	7	7	7
HOCHTIEF GROUP	**27**	**30**	**36**	**40**

** Number of green infrastructure projects within the HOCHTIEF Group (since 2013).

Construction of sustainable buildings classified as *Green Building* allows emissions to be reduced, during the project execution phase (which is carried out with sustainable materials, works contracts at regional level, etc.), as well as over the life cycle of the project. According to a study conducted by the US Department of Energy(1), buildings with LEED certification consume 25% less energy and 11% less water than conventional buildings, while Australia's *Green Building Council* indicates in a study(2) that *Green Star* certified buildings reduce greenhouse gas emissions by 62% and water consumption by 51%.

In addition, and as mentioned above, in the ACS Group companies, one of the fundamental pillars of the R & D area of construction companies is the development of new material projects. The ultimate aim is to identify materials that promote the resilience of the infrastructure in response to increasingly extreme weather events resulting from climate change, as well as the reuse of materials and better use to reduce the consumption of raw materials.

(1) Source: 'Re-Assessing GreenBuilding Performance,' September 2011.
(2) Source: 'The Value of Green Star,' 2013.

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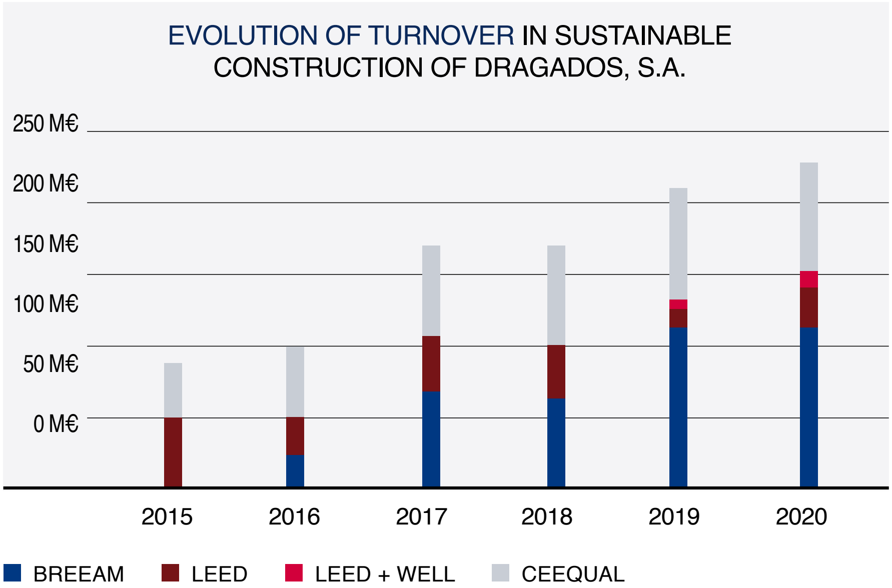
SUSTAINABLE CONSTRUCTION IN DRAGADOS:

The number of projects, both construction and civil works, with some type of sustainable certification is growing year after year. During 2020, the Dragados Group had a total of 30 projects under construction with LEED, BREEAM, WELL, ENVISION or CEEQUAL certification, with a budget of approximately EUR 5,000 million.

In 2020, more than 15% of the turnover of the Dragados Group corresponded to construction projects with sustainable certification, including a new logistics warehouse, a 5-star hotel and two 11-storey housing towers.

The evolution of the turnover of Dragados, S.A. in sustainable construction projects in Spain and the UK is increasing each year, confirming the trend of these types of projects, including the design in some cases.



REZBUILD – (VIAS)

One of the most notable projects to promote sustainable construction in the projects carried out by the ACS Group is the REZBUILD project. Developed by VIAS, together with different partners in the sector, the project consists of developing a decision-making platform for energy renovation of buildings through advanced technologies, in order to achieve almost zero-consumption buildings.

REZBUILD will base its renovation ecosystem on the integration of profitable technologies, business models and the interaction of the life cycle with different types of residential renovation. This innovation will create a multiple-collaboration framework within a rehabilitation methodology managed by an agile project management tool (APM) capable of interconnecting the key steps of a custom-made renovation plan in real time between all of the agents involved in the value chain of building rehabilitation.

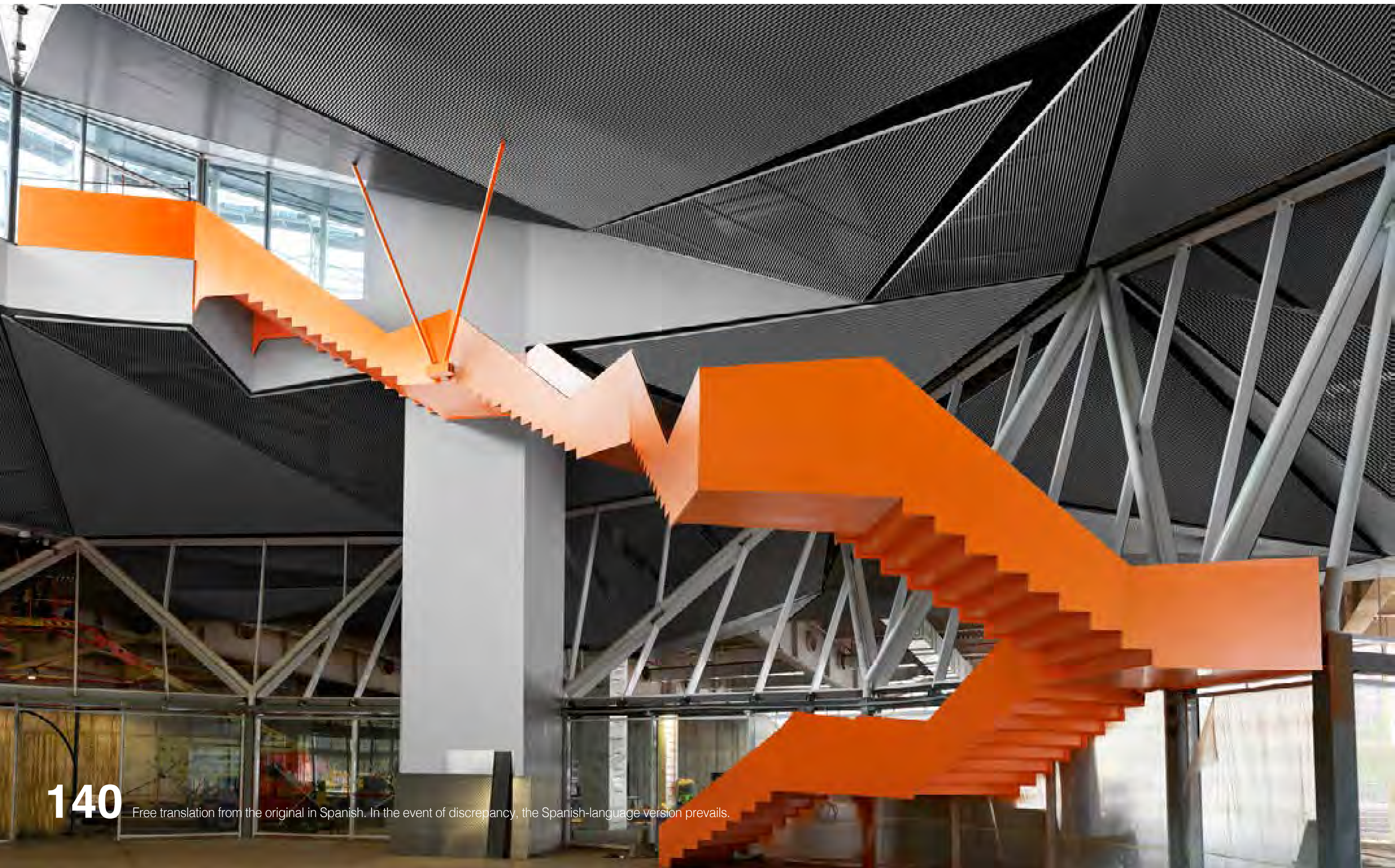
This ecosystem will ensure achievement of three KPIs:

- An efficient renovation index: a reduction of at least 60% in primary energy as a result of combining principles of modern sustainable architecture and concepts of NZEB design.

- Shorter installation time: a time reduction of at least 30% compared to a traditional rehabilitation work.

- A fast amortisation period of less than 12 years.

This platform will be communicated with all participants in the housing renovation process, from the designers to the private consumer and the public owners. Likewise, the key agents and local communities will be involved in the project through social-innovation actions.



ENERGY CONSUMPTION

Energy is one of the main resources used by the ACS Group companies and, as part of the fight against climate change, the ACS Group is committed to energy efficiency and renewable energy.

In this regard, the year's highlights in this respect by the ACS Group companies include the Dragados Energy Policy. Approved in July 2020, it is applicable to its activity in the UK and Ireland, and its main goal is to reduce energy consumption through a commitment to ongoing improvement, focusing on research and development of clean technologies.

DRAGADOS ENERGY POLICY

The basic principles of the policy are:

- Commitment to continuously improving energy performance through research, development and incorporation of best practices and technologies to reduce the use of energy in operations;
- Contact clients and suppliers to devise alternatives that promote the use of renewable energies and clean sources, which reduces energy consumption, reduces the effect on climate change and increases the resilience of projects;
- Design processes and purchase low-consumption products and services;
- Train employees in this area, providing them with the resources necessary to monitor the use of energy and promote energy efficiency on the work sites;
- Define energy objectives and targets for the Company, which are periodically reviewed, documented and reported throughout the business.

The Group's energy consumption is defined annually, to a large extent, based on the weight of the works carried out during the year since, given the Group's high degree of diversification, there are activities with greater energy intensity.

Energy consumption in 2020 decreased by 11.0% with respect to the previous year, and electricity from renewable energy sources totalled 64,246,390 kWh. This decrease in energy consumption was mainly due to the halting or delay of projects during the year as a result of the COVID-19 pandemic.

Although prior to this year, the ACS Group had been experiencing an upward trend in energy consumption in recent years, it should be noted that this was affected by the increased turnover, which could detract from the measures implemented by the Group to promote energy efficiency. To demonstrate this type of effort, the Group has set itself the goal of reducing the energy intensity ratio each year.

Energy Consumption (kWh)	2017	2018	2019	2020
Total ACS Group	**10,004,884,493**	**12,088,601,722**	**12,669,431,610**	**11,258,837,840**
Infrastructure (1)	9,640,622,364	11,564,495,211	12,040,646,389	10,776,649,116
Industrial Services	280,709,711	93,594,006	536,619,804	398,223,132
Services	83,552,418	430,512,505	92,165,418	83,965,592
Energy Intensity ACS Group (kWh/mn Euros Sales)	**301,914**	**344,701**	**335,211**	**327,437**

(1) In Infrastructures, the scope has been increased, from 2018 inclusive, the data of Dragados USA and Dragados Canada. In Industrial Services the increase in 2018 is due to the fact that the fuel consumption of Cobra's companies in Colombia and the electricity consumption of Cobra's division in Peru are collected for the first time.

The different companies that form part of the ACS Group have developed investments and implemented measures to reduce energy consumption, with the implementation of LED lighting in the main projects, the implementation of systems to control and optimise consumption and the replacement of equipment with less energy intensive equipment.

USE OF ELECTRIC EXCAVATORS (CPB CONTRACTORS)

CPB Contractors, one of the main companies through which the CIMIC Group operates in the Asia Pacific region, is the first contractor in Australia to use an electric excavator in a road project. In Melbourne, CPB Contractor is carrying out the upgrade of the M80, which will extend the current road network and install a new motorway management system along 38 km of road.

The electric excavator, powered by three batteries, produces zero emissions and very low noise levels, which allows it to work near residential areas with minimal environmental impact. The M80 Upgrade team used it to excavate 41 tonnes of earth for the relocation of communications cables.

Using this innovative technology, the M80 Upgrade team ensured that the work was carried out safely while at the same time benefiting the environment and the community.

ENERGY MANAGEMENT SOFTWARE - CLECE

In line with the ACS Group's commitment to energy efficiency, Clece has implemented Energy Management Software. The goal of this is to control and monitor all of Clece's energy consumption (electricity, gas, diesel, propane and biomass), as well as to monitor the investments made in energy efficiency, energy savings and carbon footprint. In addition, this software will serve as a tool to improve the quality of the services provided and increase the award of maintenance contracts and energy services.

Some of the technical advances that the implementation of the Energy Management Software entails for Clece include:

- Geolocalisation of supply points.
- Monitoring of all energy consumption by energy source and centre.
- Monitoring of investments in energy efficiency.
- Definition of savings goals.
- Comparison of consumption between centres.
- Optimisation of power.
- Billing validation.
- Configurable alerts.
- Pre-designed reports.
- Carbon footprint analysis.

In short, thanks to this Software, Clece will be able to manage energy well, enabling it to comply with regulations while generating energy and economic savings.

5.1.2. CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES AND WASTE MANAGEMENT

The promotion of a circular model that prioritises reducing and optimising the use of materials and efficient waste management is another one of the priority action areas of the ACS Group. Consequently, the ACS Group is working to:

- Minimise the impact in regard to use of materials and waste management, taking into account the life cycle of projects and services.

- Promote the use of environmentally responsible materials in accordance with the best practices outlined in the Group's Building Materials Policy.

- Give priority to operating models to reduce resource consumption and waste generation, in terms of both quantity and hazardousness.

- Contribute to extending the usefulness of resources, secondary products and waste through repair, reuse and recycling.

- Identify business opportunities to contribute to the circular economy through activities, products and services.

CONSUMPTION OF MATERIALS

The ACS Group specifically promotes the use of recycled and/or certified construction materials, offering clients these types of options when making decisions regarding the materials to be used.

In order to encourage the use of sustainable materials among the Group companies, the Group has a Construction Materials Policy that establishes guidelines and best practices in this regard.

For further information:
Materials policy

MATERIALS POLICY

The ACS Group seeks to implement the following best practices in the process of recommending construction materials to clients in tendering processes in which it is applicable:

1. Propose a traceability analysis of 100% of products used.
2. Keep a record of suppliers who offer recycled/certified products.
3. Stress the importance of aspects such as durability and maintenance when selecting construction materials.
4. Provide information about the characteristics of products which give off gases or contain harmful substances and also about the products' life cycles.
5. When making an offer or taking part in a bid to tender, always include the option of certified timber, and offer information on the environmental benefits of its use.
6. When making an offer or taking part in a bid to tender, always include the option of cement made from recycled aggregates, and offer information on the environmental benefits of its use.
7. Provide environmental details of the proposed construction materials, such as energy used by machinery during extraction or treatment, greenhouse gas emissions, etc.
8. Report on the corporate waste management policy.
9. Provide information on waste management plans in projects, including design phases.
10. Give information on specific targets to reduce, recycle and reuse waste.
11. Report on procedures in place for the recovery and recycling of construction materials by subcontractors.
12. Give details of staff and subcontractor training processes in waste management techniques.
13. Provide details of waste separation processes in project facilities and works.
14. Actively promote the purchase and sale of recycled by-products.

PROMOTING THE USE OF RECYCLED MATERIALS IN DRAGADOS

The ACS Group's commitment to carrying out its activities sustainably is demonstrated by the actions carried out by the Group companies. For example, one practice carried out by Dragados in its works involves the replacement of material from quarries (artificial graded aggregate) with other materials generated from recycled aggregate. This material is used to form the sub-base layer in certain construction projects and reduces the number of sites needed to supply raw materials taken from nature (graded aggregate), and also reduces the volume of debris that is deposited in landfill, with the consequent benefit in terms of environmental impact and protection of natural resources.

USE OF RECYCLED GLASS IN THE SYDNEY METRO PROJECT (CYMIC)

The project carried out by CIMIC in the Sídney metro is another example of the Group's prioritisation of the use of recycled materials. The installations of the Sídney metro are being expanded to facilitate the housing and maintenance of the 37 additional trains that will travel over the extended line. In the installations, it has been calculated that approximately 1,000 tonnes of recycled glass were crushed and used for the drainage pipe bed, instead of sand. Recycled road base, made of old crumbled concrete, was also used for the pavement of the rest areas and a parking lot for staff.

AD-HOC PROJECT AND THE USE OF RECYCLED CONCRETE IN DRAGADOS

In line with the Group's Materials policy, Dragados has developed the AD-HOC project, which promotes the durability of the construction materials, especially in one of the most widely used, concrete.

The AD-HOC project is aimed at designing concrete that is highly durable when exposed to chlorides at an early stage, for application in the manufacture of port caissons using floating dock technology, concrete offshore wind structures or other types of structures located in inlets. The benefits of this project include:

- Optimising the necessary coatings, which will optimise material costs and execution times.

- Designing concrete to adapt it to longer life span requirements.

- Guarantee the durability requested by the different Administrations.

These actions are also framed in a context in which increasing the life span of civil works is a growing demand in the sector to obtain acceptable cost amortisation ratios, which, in addition, contributes to sustainability.

In the Hampton Roads (Virginia) Bridge and Tunnel Project, the client agreed to allow the use of recycled concrete instead of rock for construction entrances, parking and stockpile yards. Furthermore, whenever possible, the Group promotes the use of recycled materials in construction projects, with no decrease in the properties of the materials used.

As the Hampton Roads project progresses, during the demolition work, we are studying the possibility of crushing our own concrete and using it in situ or adding it to the local market for reuse. To date, more than 5,000 tonnes of recycled concrete have been used instead of rock in the Hampton Roads project. In addition to the environmental benefits of using recycled concrete, we have been able to purchase the recycled material at a much lower cost than the rock that is traditionally used.

In 2020, the downward trend in the use of the materials used continued, decreasing by 40.0% with respect to 2019. Although this sharp decrease was mainly due to the health crisis caused by COVID-19, the Group has continued to implement measures to ensure the efficient use of resources in its activities. The main materials used by the ACS Group, mainly due to the infrastructure activity, are wood, steel, concrete and glass.

(301-1) Total materials used	2019	2020
Total wood purchased (m^3)	2,236,064	**1,152,348**
Total steel purchased (t)	637,769	**546,515**
Total concrete purchased (m^3)	6,064,660	**3,706,055**
Total glass purchased (m^2)	208,264	**86,848**

LIFE REPOLYUSE – TECSA

Since November 2017, TECSA has been involved in the LIFE REPOLYUSE project - ‘REcovery of POLYurethane for reUSE in eco-based materials,’ subsidised by the European Commission and coordinated by the University of Burgos, together with the companies Yesiforma Europa S.L. and Exergy Ltd., and in 2020, the work relating to this project was completed.

The main objective of the project was to increase the reuse of polyurethane waste that is currently managed as inert waste or recovered through techniques that are not environmentally sustainable. More than 3.5 million tonnes of polyurethane are used in Europe each year, generating approximately 675,000 tonnes/year of polyurethane waste. The vast majority (68%) of this waste material goes to the landfill.

The product has been developed and implemented satisfactorily both in the work of TECSA in Miñano (Álava) and in Coventry (United Kingdom) to test its characteristics and assess the energy and environmental improvements generated by it.

It its initial years, the new LIFE-REPOLYUSE product will recover 75 tonnes of polyurethane foam residue, which translates into lower raw materials costs; 25% water savings and a 32% reduction in gypsum. The Life Cycle Analysis concluded that the new material, compared to a standard product, significantly reduces CO_2 (-14%), energy expenses in its manufacturing processes (-14%) and decreases the non-hazardous waste disposed of/discharged by 31%.

The results of the project were very well received by the European Commission and very positively evaluated, since the project has led to the development of an eco-efficient and sustainable product that is certified and capable of being put on the market immediately.

WASTE PREVENTION AND MANAGEMENT

Waste management in the ACS Group prioritises recycling, reuse or other recovery operations over landfill disposal, in order to minimise as much as possible the waste generated when carrying out its activity. Specifically, the ACS Group is working to reintroduce the products used in the production process to enable them to be used again as raw materials, minimising the impact of the business on the environment.

The waste is managed by each of the Group companies in accordance with the regulations in force in each country. The installations have the corresponding authorisations for producers of hazardous waste, which enable them to be recorded, inventoried, stored and managed. Based on the aforementioned prioritisation of waste management, the waste is handed over to authorised waste managers.

During 2020, a total of 16,102,660 tonnes of hazardous and non-hazardous waste were generated, representing an increase of 25.8% with respect to 2019. The total volume of waste generated year to year is directly related to the type of projects executed throughout the year, despite the measures to minimise waste that are implemented year after year by the Group. The increase in non-hazardous waste in 2020 was therefore due mainly to the execution of two road projects in Spain that generated large movements of uncontaminated soil, as well as the construction of the Port of Vancouver in Canada. In regard to hazardous waste, the root cause of the increase was due to CIMIC projects in the Asia Pacific region that involved managing large amounts of contaminated soil.

On the other hand, of the total non-hazardous solid waste managed by the Group, just 2,280,586 tonnes(3) were deposited in landfills, which represents only 14.5% of total non-hazardous waste. Likewise, of the total hazardous waste generated, 39.9% was recycled or reused(4), representing an increase of 31.7 percentage points with respect to 2019. This confirms the Group's efforts to prioritise recycling or reuse of other waste disposal methods as a sign of its commitment to the circular economy. Lastly, in 2020, the companies of the ACS Group transported 0.0% of the total hazardous waste internationally.

(3) Scope of the data: 98.4% 2020 turnover.
(4) Scope of the data: 98.4% 2020 turnover.

	2017	2018	2019	**2020**
ACS Group				
Non-hazardous waste generated (t)	9,345,697	17,310,934	12,669,950	15,713,510
Hazardous waste generated (t)	130,882	42,717	130,343	389,150
INFRASTRUCTURE				
Non-hazardous waste generated (t)	9,254,776	17,246,428	12,463,782	15,443,248
Hazardous waste generated (t)	130,052	39,172	96,519	361,616
INDUSTRIAL SERVICES				
Non-hazardous waste generated (t)	90,821	53,749	188,187	259,638
Hazardous waste generated (t)	766	3,473	33,604	27,364
SERVICES				
Non-hazardous waste generated (t)	99	10,757	17,982	10,624
Hazardous waste generated (t)	63	72	220	170

ACS GROUP WASTE BREAKDOWN	2019	2020
Total hazardous waste (t)	**130,343**	**389,150**
Reuse and recycling	10,691	155,411
Composting	0	10
Recovery	566	458
Incineration	315	655
Landfill	118,771	232,616
Non-hazardous waste (t)	**12,669,950**	**15,713,510**
Reuse and recycling	9,807,147	13,353,137
Composting	7,481	12,199
Recovery	76,488	60,588
Incineration	1,141	7,000
Landfill	2,777,693	2,280,586

REUSE AND RECYCLING OF MATERIALS IN THE PARRAMATTA LIGHT RAIL PROJECT (CIMIC)

An example of a circularity-based project is the project that CPB Contractors is undertaking in suburban Sydney through its involvement in the construction of the Parramatta Light Rail. The project will connect Westmead to Carlingford via the Parramatta and Camellia CBD with a 12-kilometer two-way track.

The circularity model promoted by the project focuses on two pillars. On the one hand, in the use of the materials employed since more than 11,000 meters of rail, 12,000 sleepers and 8,000 cubic meters of ballast that were removed from the original T6 Carlingford line will be reused. It is expected that the project will be able to reuse more than 60% of the rails, 90% of the sleepers and 50% of the ballast on the removed materials. On the other hand, materials that cannot be reused will be managed. The unsuitable rails will be sent to a metal recycler and the sleepers to concrete recyclers. Ballast is being stockpiled, washed and re-screened to meet the specifications of the new Parramatta Light Rail. Thus, the reuse of these materials will help reduce the project's CO_2-e emissions by more than 3,500 tons.

5.1.3 EFFICIENT AND RESPONSIBLE USE OF WATER RESOURCES

The ACS Group is aware of the importance of water in its activities. Through its Industrial Services business, which develops water desalination, drinking water treatment and filtering infrastructure, the ACS Group contributes to guaranteeing access to clean water and improving waste water quality.

The management and monitoring of these indicators allows the Group to identify those places where the use of water generates a greater impact on the environment, with the firm goal of performing its activity in a sustainable and environmentally friendly manner.

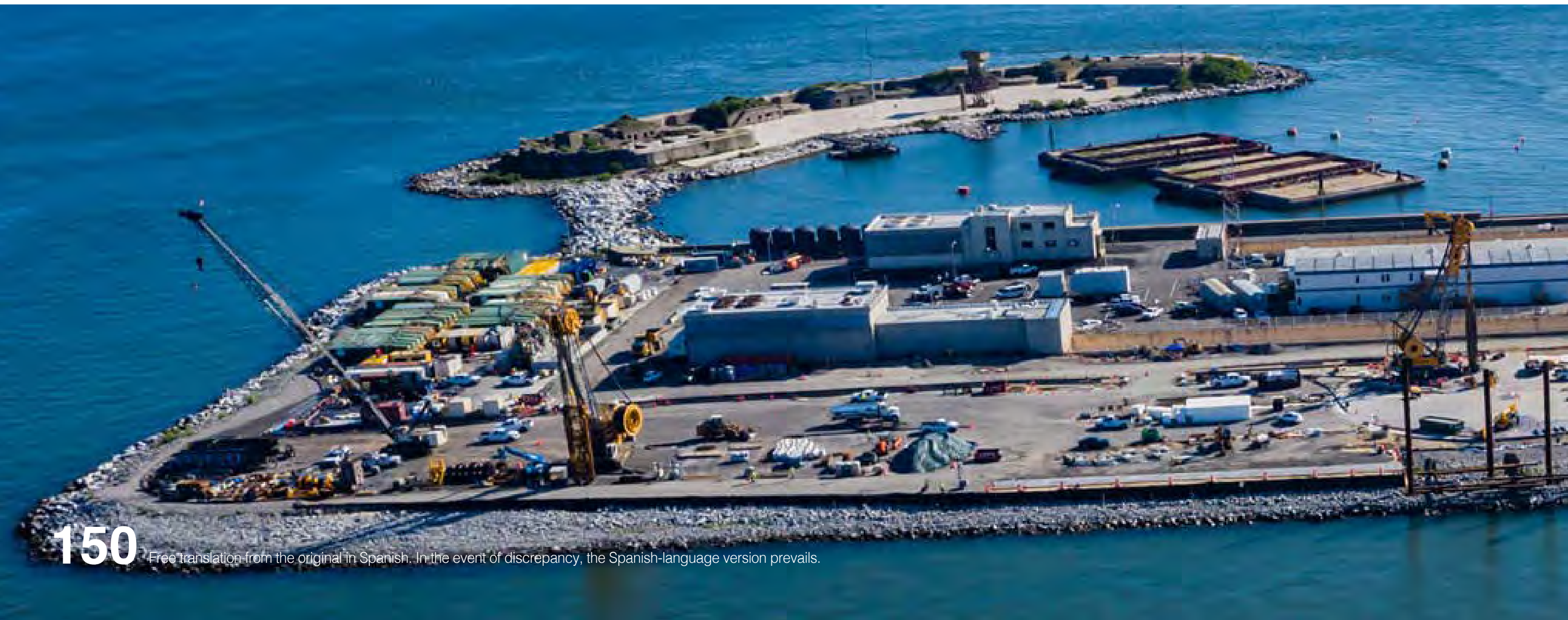
ACS Group Breakdown of water (withdrawal-discharge)(1)	2019	2020
TOTAL WATER WITHDRAWN (m^3)	**27,068,160**	**27,681,049**
Volume of water withdrawn from surface water (rivers, wetlands, lakes) (m^3)	12,482,064	13,240,639
Volume of water withdrawn from groundwater (m^3)	7,519,740	5,895,994
Volume of water withdrawn from third parties (municipal network, processing plant or public or private service) (m^3)(2)	7,058,488	8,536,148
Volume of water withdrawn from marine waters (m^3)	7,867	8,268
Total water withdrawn in water stress areas (m^3)	**2,297,244**	**2,381,709**
Volume of water withdrawn from surface water (rivers, wetlands, lakes) in water stress areas (m^3)	96,072	110,734
Volume of water withdrawn from groundwater in water stress areas (m^3)	209,567	266,303
Volume of water withdrawn from third parties (municipal network, processing plant, etc.) in water stress areas (m^3)	1,991,443	2,004,535
Volume of water withdrawn from marine waters in water stress areas (m^3)	162	137
TOTAL WATER DISCHARGED (m^3)	**18,455,724**	**16,235,550**
Volume of water discharged into surface water (rivers, wetlands, lakes) (m^3)(3)	17,017,279	14,280,126
Volume of water discharged into groundwater (m^3)	222,043	248,242
Volume of water discharged into third-party waters (municipal network, processing plant or public and private services) (m^3)	1,212,399	1,607,978
Volume of water discharged into marine waters (m^3)	4,003	99,204
Total water discharged in water stress areas (m^3)	**1,921,311**	**2,333,368**
Consumption (m^3)	**8,612,436**	**11,445,499**
Ratio: m^3 of water consumed/turnover (millions of euros)(4)	716,2	805,0
Consumption in water stress areas (m^3)	**375,933**	**48,341**

(1) Excluding the water collected/discharged by Tedagua for desalination and water treatment processes, since this water is seawater or wastewater, which is returned to the environment in better condition.

(2) The increase in water withdrawal is mainly related to HOCHTIEF Asia Pacific's activity due to drought in Australia, which increased the use of water to suppress dust in the mining business.

(3) The increase in water discharged in 2019 is associated with the activity of HOCHTIEF Asia Pacific. In 2019, the wells were drained at the Senakin coal mine in Indonesia, where mining activity was resumed that year. This meant that the open pit wells, which were retaining a significant amount of water, had to be pumped, generating significant discharge volume.

(4) The ratio was calculated taking into account the water withdrawn with respect to turnover.



The activities carried out by the ACS Group are associated with significant water consumption, particularly in the area of construction, and in 2020 the total amount of water consumption reached 11,445,499 m^3.

As is the case with other environmental indicators, the increasing trend in water consumption that the ACS Group has experienced in recent years is explained, in part, by increased turnover and the type of projects carried out over the course of the year, which could distort the effect of the measures implemented to promote the efficient use of water resources. One of the objectives of the Group's 20-20 Plan is to reduce the water consumption ratio, but as a result of the improvement of information collection systems and the greater detail of the data reported, both in terms of scope and withdrawal/discharge, the evolution of this indicator in regard to the baseline year is not comparable and cannot be recalculated.

The company acknowledges the need to reduce consumption of this natural resource, especially in areas that are subject to water stress. For this reason, beginning in 2019, the ACS Group has been monitoring water consumption corresponding to water stress areas, accounting for 48,341 m^3 of the total water consumption.

In this sense, the ACS Group has adequate measurement systems (at the project, company and corporate levels), permitting detailed knowledge of the main sources of consumption. This information makes it possible to develop the most suitable efficiency measures in each case.

AWARD GIVEN TO THE CHOA CHU KANG HYDRAULIC WORKS IN SINGAPORE (CIMIC)

UGL, one of the main companies through which the CIMIC Group operates in the Asia Pacific region, was chosen to build, implement and maintain a ceramic-membrane water filtration system as part of the upgrade of the Choa Chu Kang factory. This project was given the Water Project of the Year award at the 2020 Global Water Awards.

The Choa Chu Kang water factory is now the largest drinking water installation with ceramic membranes in the world, after the work carried out over the course of three years. The ceramic membrane system is more efficient at removing suspended particles from raw water than the plant's previous sand filtration system. Furthermore, as part of the upgrade, activated carbon filters with ozone were also added to the water processing process, helping to destroy microbes and eliminate organic matter from water.

The plant now has a total capacity of up to 80 million gallons per day, enough to fill approximately 145 Olympic swimming pools. It treats the water in the Pandan, Tengeh and Kranji (Singapore) reservoirs before it is supplied to the taps of homes, companies and industries in the area.

It should also be noted that the ACS Group also performs exhaustive control on the quality of the water discharged into the environment, in order to ensure that the discharges do not have significant effects on the environment and always comply with the provisions in local legislation.

In addition to managing water resources responsibly, through its Industrial Services activity, the ACS Group executes projects that contribute to improving water quality and guaranteeing access to drinking water.

WATER TREATMENT (COBRA)

The ACS Group, through its Industrial Services business and mainly through Tedagua (a Cobra subsidiary), executes projects that contribute to improving water quality and guaranteeing access to drinking water, such as drinking water, desalination and waste water treatment plants.

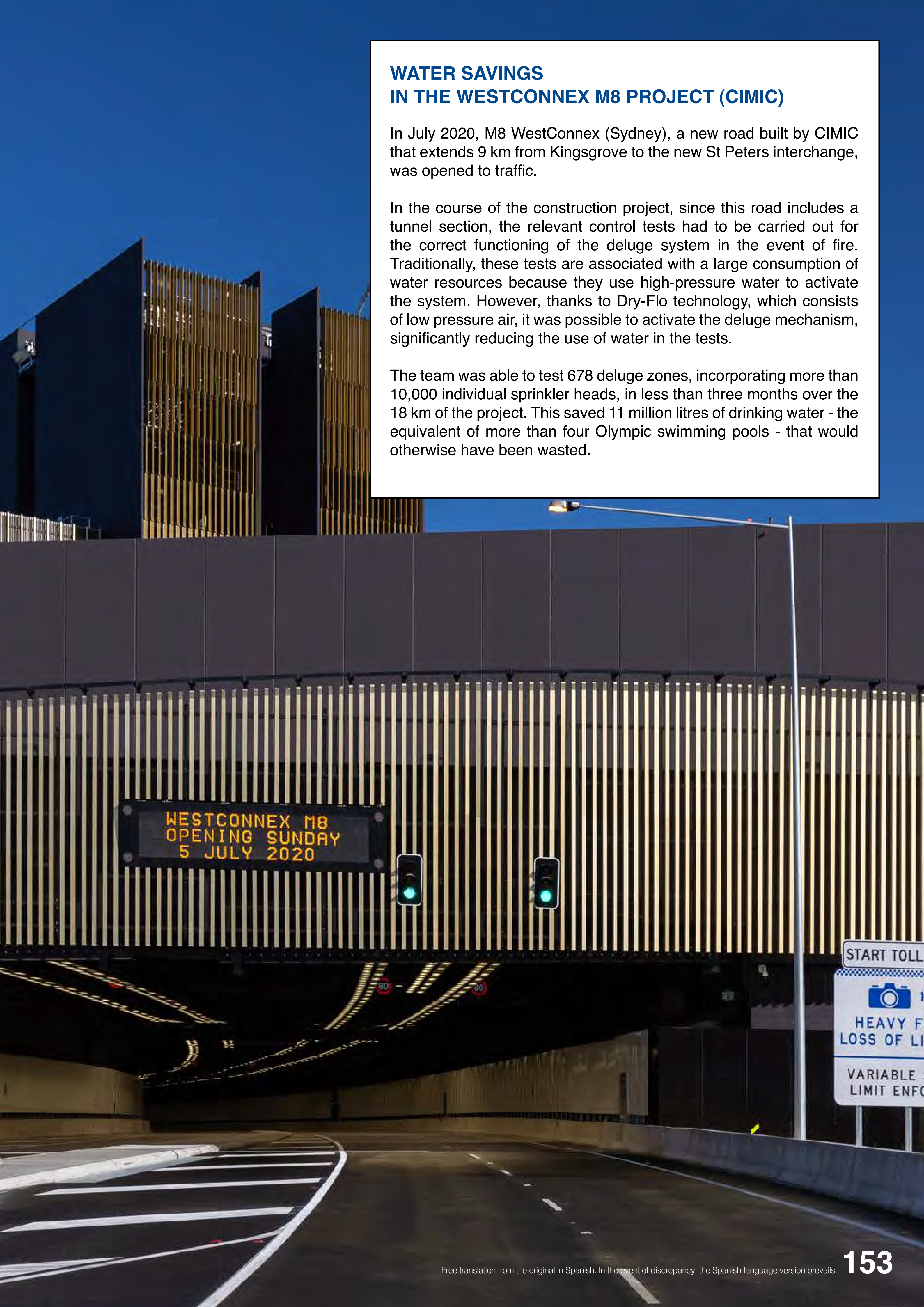
Name	% Shareholding ACS	Location	Country	m³
Desalinisation plants				
Benisaf Water Company	51%	Algeria	Operation	200,000
Hydromanagement	80%	Spain	Operation	72,000
TAIF	50%	Saudi Arabia	Construction	160,000
Al Hamra Water company	40%	United Arab Emirates	Construction	100,000
Caitan	50%	Chile	Development	86,400
Water treatment plants				
Taboada	100%	Peru	Operation	1,012,068
Provisur	100%	Peru	Construction	35,610
Irrigation projects				
Majes	100%	Peru	Construction	52,500
WATER				**1,718,578**

WATER SAVINGS IN THE WESTCONNEX M8 PROJECT (CIMIC)

In July 2020, M8 WestConnex (Sydney), a new road built by CIMIC that extends 9 km from Kingsgrove to the new St Peters interchange, was opened to traffic.

In the course of the construction project, since this road includes a tunnel section, the relevant control tests had to be carried out for the correct functioning of the deluge system in the event of fire. Traditionally, these tests are associated with a large consumption of water resources because they use high-pressure water to activate the system. However, thanks to Dry-Flo technology, which consists of low pressure air, it was possible to activate the deluge mechanism, significantly reducing the use of water in the tests.

The team was able to test 678 deluge zones, incorporating more than 10,000 individual sprinkler heads, in less than three months over the 18 km of the project. This saved 11 million litres of drinking water - the equivalent of more than four Olympic swimming pools - that would otherwise have been wasted.



5.1.4 PROTECTING BIODIVERSITY

The activities of the ACS Group are potentially capable of causing impacts on the natural environment when operating in all types of locations and environments where a multitude of ecosystems may coexist. In this context, the company always attempts to minimise the impact of its activities on biodiversity, particularly respecting protected natural areas and areas with high ecological value.

As a result of this commitment, the Group carries out its activities according to the following basic principles in the area of biodiversity:

- Consider the initial value of the ecosystems that may be affected and assess the impact of the activities, products and services on them.

- Apply the hierarchy of mitigation of impact on ecosystems by means of prevention, reduction, restoration and compensation actions.

- Implement management plans to preserve or restore biodiversity in activities or services that have a significant impact on ecosystems.

- Establish non-action criteria to avoid performing activities or services in certain areas based on their intrinsic value or vulnerability. In this regard, in 2020, the Group carried out activities on 649 hectares(5) considered to be of high biological value, implementing specific objectives and plans to minimise the impact.

The ACS Group has implemented measures that ensure the conservation of plants and wildlife from the start of planning the operations to the end. These measures are based on:

a. Physical protection, transplanting or transfer, as well as respect for the life cycles of the plant and animal species affected.

b. Environmental impact studies, which identify the main effects on the natural environment of the projects and establish actions to minimise them. Public participation in procedures to approve these projects is guaranteed by the national and regional legislation in each of the countries where they are carried out.

c. Supervision plans which guarantee compliance with the preventive measures and reduce the impact of projects and processes not subject to environmental impact assessments.

d. Compensation, restoration, recovery and reforestation activities. In 2020, the ACS Group carried out work on 642 hectares(6).

(5) Scope of the data: 98.36% ACS Group turnover
(6) Scope of the data: 98.42% ACS Group turnover

THE ‘TURTLE PARACHUTE’ PROTECTS AN ENDANGERED SPECIES (CIMIC)

On the Burnett River in Queensland, 80 km southwest of Bundaberg (Australia), CPB Contractors implemented essential measures to minimise the potential impact of work on the Paradise dam, a key component of the Bundaberg water supply plan, on one of the key species in the area.

During the execution of the project, the team collaborated closely with the Department of Environment and Science (DES) and the dam operator, Sunwater, to protect the critically-endangered white-throated snapping turtle during its nesting season. This turtle is one of Australia’s largest freshwater turtles, which is often found in the main rivers in the area, and was classified as a critically endangered species in 2014.

With the support of CPB’s team of contractors, the DES recovered 30 eggs that were housed in an enclosure specially designed to protect the eggs from predators such as foxes and other wild animals during incubation. The eggs were protected following the relocation of three endangered turtles, two of which were females with eggs, during the depopulation downstream. The enclosure was monitored until the eggs hatched.

PROTECTION OF BIODIVERSITY IN HAMPTON ROADS (DRAGADOS USA)

The Hampton Roads (Virginia) bridge and tunnel extension project is proud of its protection of local biodiversity. The Hampton Roads area, and in particular the north and south islands of the tunnel, is home to several species protected at the federal and state levels. Some of these species are aquatic, such as the Atlantic sturgeon and the loggerhead turtle, in addition to birds, such as the Wilson's plover and the gull-billed tern.

The works on the islands required the protected birds nesting on them to be moved. To prevent the birds from nesting, different measures were applied. As an active measure, stakes with coloured plastic tapes were used to prevent the birds from nesting in the areas. The project also used dogs that were trained to drive away the migratory birds, without hunting them, thus preventing them from nesting for their safety. Instead, the project provided offshore barges to offer nesting places for migratory birds rather than the islands.

In addition to managing birds, the project's operations must monitor the impacts on sea life. A mammal monitoring plan has been implemented to monitor the behaviour of nearby sea life and to determine whether the pile driving activities are affecting sea life. The monitoring plan is directed by a marine-mammal observer.

REHABILITATION OF MINING AREAS IN CIMIC

Rehabilitation of altered areas continues to be an integral element in the handling of biodiversity in projects and is particularly important in mining. Thiess offers specialised capacity in the design and planning of the restoration, profiling and bulk shaping of mine debris, construction of erosion and sediment control barriers, and the covering and seeding of the rehabilitated areas. Environmental specialists work closely with the operational teams to develop progressive restoration plans that optimise environmental results and offer community service throughout the life of the mine.

Rehabilitation of CIMIC's mining areas (hectares)	Erosion repair	Soil recovery	Replanting
Australia/Pacific	90.3	75.2	117.7
Asia/Africa/America	459.1	459.2	0
Total	**549.4**	**534.4**	**117.7**

5.1.5. RISK MANAGEMENT IN ENVIRONMENTAL ISSUES

The functions attributed to the Audit Committee of the Group's Board of Directors include the review, monitoring and assessment of the Group's Sustainability Policy, as well as the supervision of the Group's Environmental Policy.

Secondly, the responsibility of overseeing environmental performance and carrying out the appropriate action plans and improvement programmes lies with the Environmental Department of each group of companies, along with adopting the necessary measures to reduce and mitigate the environmental impacts related to the Group's activities, always following the principles established in the Group's Environmental Policy.

Likewise, in accordance with the Group's risk map, updated in 2020, and the materiality analysis, the Group has prioritised the risks based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches.

The table below shows the results obtained from this prioritisation of potential risks to perform the activity related to the environment, as well as the management measures adopted by the ACS Group:

MATERIAL TOPIC	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE POLICIES ACS GROUP
Responsibility to local communities	The company's activity may give rise to risks due to opposition from communities to the execution of projects or due to a negative perception of the management. This could jeopardise the Group's reputation and the social license to operate. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Impact on the socio-economic environment. • External communication with stakeholders. • Reputation risks.	• Contribute to society through local hiring and the assistance given to manage the COVID-19 crisis. • Encourage a proactive dialogue with the community through those responsible for the specific companies and projects. • Carry out all activities of the ACS Group in accordance with current environmental legislation.	In 2020 there was no significant infringement of environmental legislation and regulations, which is understood as non-compliance that entails a fine greater than EUR 10,000. Likewise, in accordance with Note 37 on Information on the Environment of the Annual Accounts of the ACS Group, ACS Group companies incurred environmental expenses in 2020 totalling EUR 2,400 million (EUR 1,904 million in 2019), and according to Note 20 of the Annual Accounts, the provisions for environmental actions are included in non-current provisions, which include provisions to cover the probable environmental risks that may arise, with no provision of this nature included in the accounts in 2020. The Group companies manage environmental risk coverage through different systems depending on their activity and geographic area and in accordance with their own environmental management systems.	• Environmental Policy. • Sustainability Policy Corporate. • Risk Control Policy.
Responsible supply chain	Poor practices by a company's suppliers and contractors pose a potential risk that, if it were to materialise, could hinder its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and to constantly improve its performance. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Procurement and subcontracting processes. • Efficient use of resources and circular economy. • Biodiversity • Climate change and energy efficiency.	• Promote and encourage suppliers, contractors and collaborating companies to have their own Policies. If they do not have an environmental policy, they must adhere to the ACS Group's Environmental Policy. • Implementation of specific standards and a system for management, classification, approval and control of supplier and subcontractor risk. • The Group has a Code of Conduct for Business Partners to which they must adhere and that specifically establishes the commitment of business partners to respect human rights and the environment. • They are expected to have organisational and management models aligned with international best practices and standards, such as ISO 14001 on environmental management systems, among others. • Promote the implementation of non-financial criteria, including environmental and social criteria, in the process of approval of suppliers and the assessment and establishment of mechanisms to detect improper practices in this area. • Consider, in contracting processes with third parties, assessment criteria that take environmental performance into account, as well as the implementation of contractual clauses where necessary.	In 2020, of the 131,984 direct suppliers with which the Group works, 92.8% of suppliers signed on to accept this Code or have a method similar to the ACS Group Code of Conduct. In these formal supplier approval systems, the weight of the factors related to sustainability (environmental, ethical and social criteria) out of the total factors used for the approval varies according to the companies' activities and areas of activity, but the weighted average weight of these factors exceeded 38.5% in 2020.	• Environmental policy. • Code of Conduct Business Partners. • Risk Control Policy.

MATERIAL TOPIC	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE POLICIES ACS GROUP
Efficient management of resources	Inefficient management of resources can significantly increase construction and management costs, negatively affecting the agreements reached with the client. Similarly, the improper management of natural capital, in addition to having a direct impact on the ecosystems in which the Group carries out its activities, may harm its reputation. On the other hand, responsible and sustainable management of resources reduces costs for the company and improves the company's perception and legitimacy. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Efficient use of resources and circular economy. • Biodiversity	• Continuously improve the environment, implementing an environmental management system to ensure compliance with policies, setting and monitoring objectives. • Assess the potential risks to the environment in each of the phases of a project, work or service, with the aim of designing processes that make it possible to minimise the environmental impact. • Promote training and awareness of employees in environmental aspects. • Promote actions aimed at increasing awareness among clients, value chain and society in general.	In 2020, 97.4% of the turnover of the ACS Group was approved under ISO 14001 or other certification arrangements. Environmental management systems are verified by an external third party in companies that represent 98.1% of the Group's turnover and, in 2020, 1,992 environmental audits were carried out.	• Environmental Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.
The climate: global concern	The ACS Group faces physical risks arising from climate change (for example, natural disasters), as well as transition risks arising from regulatory changes (stringent green energy targets, strict efficiency and emission reduction measures), technological changes or new market preferences. In this regard, it is important to highlight that stakeholders, such as the investment community, are increasingly demanding information on managing the risks and opportunities associated with climate change, due to their potential impact on the income statement and the resilience of the Group's Strategy. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Climate change and energy efficiency.	• The Environmental Plan and the Group's 20-20 plan define the commitment and objectives for the improvement of eco-efficiency and use of resources. The ACS Board of Directors has overall responsibility for the climate change strategy through the Audit Committee, which is responsible for monitoring the ACS Group's sustainability policy. • The company is working to establish objectives related to the variable remuneration of the Senior Management in regard to climate change performance that will apply in 2021. • Each company is responsible for keeping an inventory of emissions, identifying main sources and developing initiatives to reduce them. • The Group offers its customers construction products and services that help to promote the transition to a low carbon economy.	• Consumption of renewable energies: 64,246,390 kwh • Reduction in total emissions 2019-2020: 19.8% • Reduction in total emissions / turnover: 11.9% • Development of business opportunities such as renewable projects and Green Building. In 2020, the Group continued to develop its reporting model to be able to report information relating to risks and opportunities related to climate change in accordance with the recommendations of Task Force on Climate-Related Financial Dissolution (TCFD), as well as to be able to establish quantitative reduction objectives in the short-medium term.	• Environmental policy. • Sustainability Policy. • Risk Control Policy.
Resilient and socially-responsible infrastructure	The increasingly frequent extreme weather events, the scarcity of natural resources, the social state and context of the territory condition the Group's activities. Likewise, stakeholders are increasingly demanding the management of these aspects by companies such as ACS. ACS must therefore work on designing and executing resilient, sustainable and environmentally-friendly infrastructure through projects that involve sustainable management of resources for clients. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Climate change and energy efficiency. • Efficient use of resources and circular economy. • Relations with clients.	• The ACS Group, through its different activities, provides services that help create more efficient and sustainable infrastructure and cities - sustainable construction, construction of public transport systems, traffic management services, etc. • ACS offers customers the use of recycled and/or certified construction materials. The projects of Hochtief, Turner, CIMIC and Dragados comply with different sustainable construction certification requirements, as well as CEEQUAL, ISCA and Greenroads, in terms of efficient infrastructure. • In the ACS Group companies, one of the fundamental pillars of the R & D area of the construction companies is the development of new projects and materials that increase the resilience of infrastructure and that make it possible to cope with the increasingly extreme weather changes resulting from climate change, in addition to the reduction of these construction materials, as well as their reuse and use. • Develop biodiversity policies and environmental studies to minimise impacts on the business areas.	• Development of Green Building projects: 852 cumulative projects by Hochtief and 30 underway in 2020 by Dragados. • Biodiversity: recovery work on 642 hectares.	• Environmental Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.

5.2 PEOPLE IN THE ACS GROUP

The ACS Group's business success comes from the talent and diversity of its teams. For this reason, the company is committed to the professional development of its employees while at the same time ensuring the best working, health and safety conditions.

To retain the best professionals, the ACS Group has different corporate policies for managing people that are aligned with the best practices in this area and that are described throughout this chapter. Although each company of the Group develops its own complementary human resources policies to meet its specific needs, they all follow common guidelines:

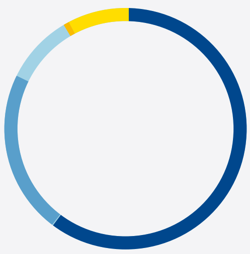
- Attract and hold onto the best talent, while at the same time aiming to improve the degree of responsibility and motivation of employees.
- Promote a culture and corporate values with which the people in the ACS Group identify.
- Promote teamwork and quality control as tools to promote the excellence of work well done.
- Ensuring equal opportunities, diversity and inclusion.
- Support and increase training and learning.
- Innovate to improve processes, products and services.

The impact that the COVID-19 pandemic has caused in all businesses, and society in general, has changed the ACS Group's people management model over the course of 2020. The halting or delay of some projects, particularly in the infrastructure sector, affected the hiring of new employees. Similarly, the mode of interaction and team management has changed, posing an unprecedented challenge to ensure quality and employment.

The ACS Group followed all of the recommendations of the health authorities, making new work tools available, promoting remote work in the positions that allowed it, and implementing all of the necessary safety measures to ensure the health and safety of its employees. In addition, each Group company adapted its own procedures to suit the situation in each region and business.

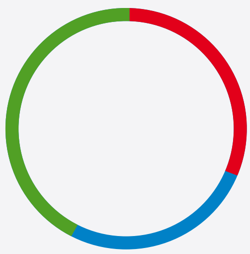
At year-end 2020, the ACS Group had a workforce of 179,539 persons, of which 42.3% were women and 57.7% men. The workforce of the ACS Group decreased by 5.7% with respect to 2019, mainly due to the halting of some projects that resulted in a downturn in the Group's activity during the year.

WORKFORCE DISTRIBUTION BY GEOGRAPHICAL AREA



EUROPE **61.7%**
AMERICA **21.4%**
ASIA **7.0%**
AFRICA **0.3%**
OCEANIA **9.6%**

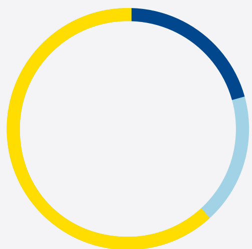
DISTRIBUTION OF WORKFORCE BY BUSINESS AREA*



INFRAESTRUCTURE **32%**
INDUSTRIAL SERVICES **25%**
SERVICES **43%**

* Not including 54 Corporate employees

WORKFORCE BREAKDOWN BY PROFESSIONAL CATEGORY



GRADUATES AND PERSONNEL WITH DIPLOMAS **18%**
NON-QUALIFIED TECHNICIANS AND ADMINISTRATION STAFF **19%**
OTHER STAFF **63%**

ACS GROUP WORKFORCE AT THE END OF 2020

179,539

WOMEN

42.3%
THE ACS GROUP OVERALL

9,332
GRADUATES WITH INTERMEDIATE AND ADVANCED DEGREES

2,323
EMPLOYEES WITH A MANAGEMENT POSITION (WORKS/ PROJECT MANAGER OR SIMILAR AND SUPERIOR)

12,121
NON-QUALIFIED TECHNICIANS AND ADMINISTRATIVE STAFF

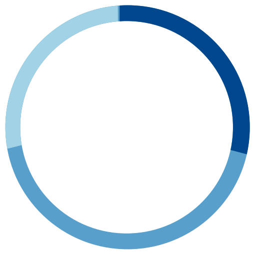
144
SENIOR MANAGEMENT POSITIONS

9.8%
TOTAL STAFF TURNOVER

6.8%
VOLUNTARY TURNOVER

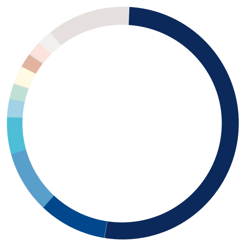
54,579
OTHER STAFF

BREAKDOWN OF STAFF BY AGE



- AGE <35 YEARS **26%**
- AGE LOS 35-50 YEARS **42%**
- AGE >50 YEARS **32%**

DISTRIBUTION OF ACS GROUP EMPLOYEES BY COUNTRY



- SPAIN **54%**
- AUSTRALIA **9%**
- UNITED STATES **8%**
- INDONESIA **4%**
- GERMANY **2%**
- BRAZIL **4%**
- UK **2%**
- PERU **2%**
- CHILE **3%**
- PORTUGAL **2%**
- ROW **10%**

MEN

57.7%
THE ACS GROUP OVERALL

22,737
GRADUATES WITH INTERMEDIATE AND ADVANCED DEGREES

9,836
EMPLOYEES WITH A MANAGEMENT POSITION (WORKS/ PROJECT MANAGER OR SIMILAR AND SUPERIOR)

21,613
NON-QUALIFIED TECHNICIANS AND ADMINISTRATIVE STAFFS

1,031
SENIOR MANAGEMENT POSITIONS

25.5%
TOTAL STAFF TURNOVER

9.8%
VOLUNTARY TURNOVER

59,157
OTHER STAFF

Regarding the distribution of employees by country, 54% work in Spain and 46% In other countries, which demonstrates the Group's significant international presence.

The distribution of the workforce at year-end by type of contract shows the predominance of permanent contracts over temporary contracts, with 67.4% of the workforce having this type of contract. Regarding the type of workday, 71.7% of the workforce of the ACS Group work full time.

31-Dec-20	Men	Women	Total
Fixed contracts	70,754	50,237	**120,991**
Temporary contracts	32,753	25,795	**58,548**

31-Dec-20	Age <35	Age between 35-50	Age >50	Total
Fixed contracts	27,833	49,609	43,549	**120,991**
Temporary contracts	19,278	25,559	13,711	**58,548**

31-Dec-20	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
Fixed contracts	25,918	22,839	72,234	**120,991**
Temporary contracts	6,151	10,895	41,502	**58,548**

31-Dec-20	Men	Women	Total
Full-time contracts	94,044	34,664	**128,708**
Part-time contracts	9,463	41,368	**50,831**

31-Dec-20	Age <35	Age between 35-50	Age >50	Total
Full-time contracts	37,433	56,125	35,150	**128,708**
Part-time contracts	9,678	19,043	22,110	**50,831**

31-Dec-20	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
Full-time contracts	28,988	27,650	72,070	**128,708**
Part-time contracts	3,081	6,084	41,666	**50,831**

In 2020, the total employee turnover in the ACS Group was 18.7% (vs. 20.8% in 2019) and voluntary employee turnover was 8.5% (10.8% in 2019).

It is important to note that due to the health crisis caused by COVID-19, the ACS Group was forced to file Temporary Workforce Restructuring Plans (ERTEs), or their equivalent based on the geographic scope in which the company is located, which affected 18,905 employees during the year. Of these, 18.0% of the cases involved the partial reduction of the workday and 82.0%, temporary suspension of contracts.

The number of redundancies in 2020 was 16,364 people, including those resulting from the termination of projects.

	2019			2020		
	Men	Women	Total	Men	Women	Total
Redundancies	15,715	1,549	**17,264**	14,857	1,507	**16,364**

	2019				2020			
	>35 years of age	35-50 years of age	>50 years of age	Total	>35 years of age	35-50 years of age	>50 years of age	Total
Redundancies	7,574	6,946	2,744	**17,264**	6,566	6,779	3,019	**16,364**

2019	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
Redundancies	1,654	3,907	11,703	**17,264**

2020	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
	1,461	6,071	8,832	**16,364**

5.2.1. PROFESSIONAL DEVELOPMENT

The ACS Group is positioned as one of the world's leaders in developing infrastructure and services, and this would be impossible without the best team of professionals. The Group's human resources teams seek to attract and retain specialised talent in each of the Group's activity sectors. In 2020, 55,792 professionals, of which 44.4% were under 35 years of age, highlighting the commitment to young talent, with Dragados standing out for the programmes implemented in this area.

DRAGADOS YOUNG TALENT PROGRAMME

Since the Young Talent programme began in 2014, Dragados has maintained its commitment year after year to continue to include young new graduates in the most significant projects of the Group. Promoting their professional development and offering them training and learning opportunities alongside the Group's top professionals.

This year, despite the circumstances caused by the pandemic and in an adverse environment, Dragados made an effort to retain and motivate talented workers. As in previous years of recession, work is being done to offer workers an opportunity to continue their professional careers and learning. Dragados currently has almost 140 participants in this programme, both in national and international projects.

This programme aims to serve as a guide in the learning and development of these recent graduates in Civil Engineering, Industrial Engineering and Graduates in Administration and Business Management, through the experience in construction works, training, mentoring and evaluation aimed at obtaining information that makes it possible to identify and retain their talent based on their interests.

Internationally, since 2017, the Human Resources Departments of Dragados Spain, USA and Canada have been working together to ensure continuity in the programme to incorporate young talent and to help attract local talent.

The 'Engineering & Finance Development Programme' implemented in the USA and in Canada, currently has 134 participants who have been incorporated into its construction projects.

In 2020, being aware of the importance of incorporating these young people, 27 Engineers and 1 Finance specialist were incorporated into this plan in the USA and Canada. The programme consists of 3 years of training and monitoring, during which they are included in the company's most important projects and receive technical professional training and have a mentor who evaluates and guides their work.

YOUNG TALENT GRADUATES SPAIN 2014-2020

	Current	
	Spain	International
Civil Engineering	62	26
Industrial Engineering	14	5
Administration and Business Management	25	5
Architecture	1	0
Total	**102**	**36**

DRAGADOS TALENT AND EVALUATION PLAN

Dragados clearly understands the need to strengthen the loyalty of all of its employees, but it gives special attention to the group of young graduates who are beginning their professional careers with us. The Evaluation Plan is aimed at providing them with monitoring in order to adapt the training they receive in the specific plan designed for them and also to evaluate their situation. This makes it possible to respond to their professional interests and expectations and, also identify, based on their attitudes and abilities, how well the employee fits into the company's internal needs.

As is customary, in 2020, the project continued to evaluate these young graduates in Civil Engineering, Graduates in Business Administration and Industrial Engineering, with up to 4 years' experience, a high level of English, learning potential and motivation to pursue their professional careers in the construction industry.

Currently, around 140 young talents have been incorporated into our large construction projects, both in Spain and in the rest of Europe, USA, Canada and South America, acquiring a comprehensive and complete perspective for their development in the company.

Each worker is assigned a mentor who accompanies them in the learning process. The Human Resources Department of Dragados in Spain and internationally, the Human Resources Department in the destination country, monitors the worker. Periodic evaluations are carried out, through questionnaires and personal interviews, providing information on the skill, experience and professional expectations of these young professionals. As they are acquiring professional development and defining their interests, decisions can be made in regard to possible internal movements and promotions in the company.

EMPLOYE PERFORMANCE MANAGEMENT PROCEDURE (SICE)

The SICE division, in Australia, has its own procedure for managing the performance of its employees. This procedure focuses on the employee's understanding of the objectives to be achieved and the organisation's expectations and requirements in regard to their performance at work. It also provides guidelines for managers to ensure that employees receive the necessary direction and support to perform their work in the best possible way.

This document contains two sections:

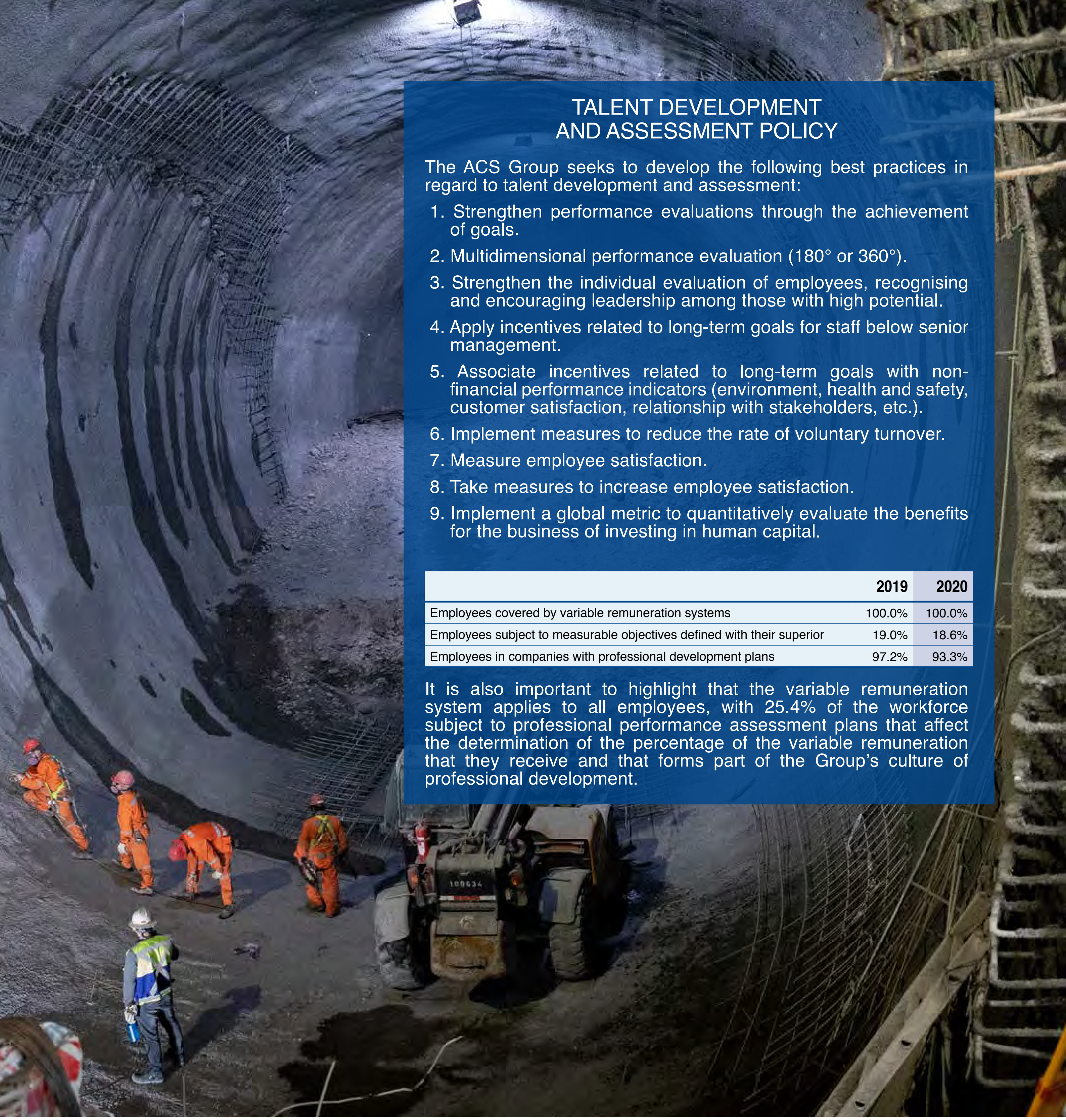
- The first part defines the procedure to be followed for the annual assessment of employee performance. After the evaluation, the Project or Department Managers, based on the results obtained, make their proposals for salary review or incentives.

- The second section defines the process to follow in the event of poor performance. The main aim is to offer the employee the necessary opportunity and support so that they can improve their performance.

Attracting and retaining talent requires the ACS Group to offer its employees the best employment practices, encouraging their professional development within the Group. In this regard, the ACS Group maintains a human resources management approach that is committed to continuously improving the skills and capacities of its teams.

Each ACS Group company manages the development of its staff independently, adapting its needs to the specific characteristics of its activity, although they all address the elements defined in the **Talent Development and Assessment Policy.**

Talent Development and Assessment Policy



TALENT DEVELOPMENT AND ASSESSMENT POLICY

The ACS Group seeks to develop the following best practices in regard to talent development and assessment:

1. Strengthen performance evaluations through the achievement of goals.
2. Multidimensional performance evaluation (180° or 360°).
3. Strengthen the individual evaluation of employees, recognising and encouraging leadership among those with high potential.
4. Apply incentives related to long-term goals for staff below senior management.
5. Associate incentives related to long-term goals with non-financial performance indicators (environment, health and safety, customer satisfaction, relationship with stakeholders, etc.).
6. Implement measures to reduce the rate of voluntary turnover.
7. Measure employee satisfaction.
8. Take measures to increase employee satisfaction.
9. Implement a global metric to quantitatively evaluate the benefits for the business of investing in human capital.

	2019	2020
Employees covered by variable remuneration systems	100.0%	100.0%
Employees subject to measurable objectives defined with their superior	19.0%	18.6%
Employees in companies with professional development plans	97.2%	93.3%

It is also important to highlight that the variable remuneration system applies to all employees, with 25.4% of the workforce subject to professional performance assessment plans that affect the determination of the percentage of the variable remuneration that they receive and that forms part of the Group's culture of professional development.

The training programmes defined in the different Group companies all have the common aspect of encouraging individual talent to create the best teams of professionals. The provision of specialised training in the Group's different sectors of activity is based on the quality and improvement of the products and services.

Likewise, the impact of COVID-19 throughout the year required the existing training to be adapted to new online training courses.

For example, in Dragados, the emergence of the COVID-19 pandemic forced the Training Department to reorganise the in-person training and, in short, to prepare a new scenario so that the training would still reach the greatest number of people. Work was done to adapt the existing training so that it could be provided by electronic means, through the virtual classroom and online courses. In 2020, the Virtual Classroom took on a major role, as one of the ways to reach a large number of workers and continue to encourage their training. It was included in the platform commonly used to provide online courses, promoting training, participation and interaction by workers in real time. In-house teachers were also trained with the course called ‘Adaptation of training to the virtual classroom’ to enable them to provide training with the same effectiveness and educational rigour as in their in-person classes. In 2020, despite the this unique situation, more than 57,000 hours of the Training Plan were given, which represents 72% of the planned hours.

In addition, SEMI made a virtual training campus available to its employees, open 365 days a year, with more than 400 specialised courses available in their business areas.

The ACS Group’s ongoing training model makes it possible to identify the training needs among its employees during the year, which means that training programmes are constantly revised. In order to determine the efficacy of the training programmes, the Group companies evaluate the courses at different levels: participant satisfaction, knowledge acquired by the participants and impact on the performance of the participants in the area in which they have been trained.

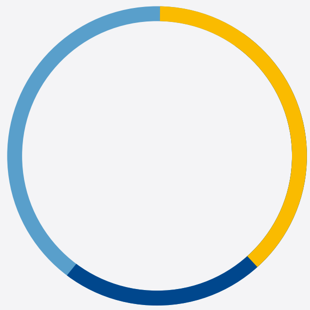
COVID-19 had an impact on the number of training hours given during the year, causing a decrease. In March, all of the planned in-person training was cancelled and the planned training was not given during the months of the lockdown. The in-person training was reorganised and adapted to be able to provide it by electronic means and to continue training the staff. Furthermore, given the characteristics of certain sectors, as is the case with construction, part of the training (prevention courses, among others, which, according to the agreement, must be carried out on an in-person basis), could not be given virtually.

Another aspect that was also affected was the budget allocated to training, given that fewer hours of training were given and that training given remotely is more economical than in-person training.

SKILL DEVELOPMENT PROGRAMMES (CLECE)

The Senior Development Programme for Service Managers aims to improve the skills that ensure efficient management of services, within the company’s strategy. The content of the Programme was developed by professionals from the organisation itself, who are responsible for the different areas and activities, as well as by external experts in the different subjects taught. The programme lasts 300 hours and consists of practical cases, online content and practical in-person classes. This training develops technical, commercial, economic-financial, people management and leadership skills. In 2020, 44 participants completed this programme, bringing the total number of participants to 456 Clece employees.

BREAKDOWN OF TRAINING HOURS BY PROFESSIONAL CATEGORY



- GRADUATES AND PERSONNEL WITH DIPLOMAS **34%**
- NON-QUALIFIED TECHNICIANS AND ADMINISTRATION STAFF **24%**
- OTHER STAFF **42%**

	2019	**2020**
Total hours taught	2,990,789	2,567,469
Teaching hours per employee (out of total employees)	16.0	14.7
Employees participating in training activities	111,383	80,743
Hours of training per employee (out of total employees trained)	26.9	31.8
Investment in training (M€)	34.6	25.1
Investment per employee in training (over total employees) (€)	185.4	143.9
Investment per employee in training (over total employees trained) (€)	311.1	311.5

5.2.2. EQUAL OPPORTUNITIES, DIVERSITY AND INCLUSION

The ACS Group strives to maintain relationships of trust with its employees and therefore considers it essential to safeguard basic principles intrinsic to its business model. In its **Code of Conduct**, the Group emphasises equal opportunities, non-discrimination and respect for human and labour rights, which form part of the Group's business commitment. The ACS Group rejects all types of discrimination, in particular discrimination based on age, sex, religion, race, sexual orientation, nationality or disability.

Beginning with objectivity in selection processes, the ACS Group seeks to ensure equal access to these processes in all phases, from recruitment to hiring.

In 2020, the ACS Group continued different actions in line with its Diversity Policy, the purpose of which is to manifest, implement and develop the Group's commitment to diversity and inclusion of all types of groups. The ACS Group understands diversity from many areas and is convinced that the creation of a diverse team allows it to successfully meet global challenges.

It is important to highlight that the ACS Group's extensive international presence makes it a multicultural team in which professionals from different races, ethnicities, ages, nationalities, languages, education, capacities, religions and genders converge, making this a constant aspect in the Group's day-to-day work. The company is aware of the relevance of local roots and, in line with its intention to promote the local development of the communities in which it operates, it promotes the direct hiring of local employees and executives. In this regard, 96.4% of the Group's employees correspond to the local community.

The Group's commitment to equal opportunities and diversity is reflected in all areas of the company:

- Regarding gender, companies representing 96.9% of the Group's employees have adopted measures to promote equal treatment and opportunities for men and women, and 76.6% of the Group's employees are covered by Equality Plans.
- In companies that represent 99.9% of the Group employees, there are anti-sexual harassment protocols.
- In companies that represent 99.7% of the Group's employees, measures have been adopted to ensure equal opportunities and avoid discrimination in the selection process for any position. In this respect, it is important to highlight that, in recent years, the ACS Group's commitment to the presence of women in the labour force and their professional development has resulted in a 2% increase in the proportion of women in management positions with respect to 2019. Similarly, in companies that represent 39.2% of the Group's employees, specific development programmes have been implemented to promote talented female employees, with 1,200 Group employees participating in 2020.

The milestones for the year include the signing of Clece's second Equality Plan, in addition to the renewal of EFR certification, as a Family-Responsible Company. This certification recognises the people management model in which equality and work-life balance are fundamental axes.

Code of Conduct

SEXUAL AND/OR GENDER-BASED HARASSMENT PROTOCOL (ETRA)

he ETRA Group, like the other companies in the ACS Group, considers it essential to ensure a safe and respectful working environment with people. All of the men and women who form part of ETRA are entitled to respect for their dignity, as well as the obligation to treat the persons with whom they come into contact for work reasons politely and with respect. For this reason, any conduct contrary to the aforementioned principles, and more specifically, conduct that this text identifies as harassment, is unacceptable, so we have adopted a mutual commitment to collaboration, with zero tolerance for any type of harassment.

Similarly, Organic Law 3/2007, of 22 March, on the effective equality of women and men, recognises that equality is a universal legal principle recognised in multiple international human rights texts, instituting the obligation to promote working conditions that avoid situations of harassment, as well as establishing specific procedures to prevent harassment and providing processes for complaints or claims that may be filed by those who have been subjected to it.

The ETRA GROUP has approved a sexual and/or gender-based harassment protocol to prevent harassment in the workplace and, if it occurs, to ensure that the appropriate procedures are available to address the problem and prevent it from recurring.

TRAINING PLAN FOR MANAGEMENT SKILLS FOR WOMEN (ETRA)

To encourage the promotion of women to positions of responsibility in Group companies, and to promote equal opportunities between women and men, a training course focused on women was created to develop and facilitate knowledge of the basic abilities and skills to improve interaction with other people, as well as to provide tools for personal management in their jobs, thus promoting the skills necessary to be able to develop professionally.

The content developed as part of this training is:

- Team work
- Communication
- Negotiation
- Emotional intelligence

EMERGING WOMEN LEADERS PROGRAMME (CIMIC-UGL)

UGL, one of the main companies through which the CIMIC Group operates in the Asia Pacific region, focuses on supporting gender equity and increasing female representation in leadership positions in all of its divisions as part of its **Strategic Diversity and Inclusion Plan.** The introduction of an Emerging Women Leaders Programme is one of the most prominent initiatives for achieving this objective, along with the implementation of specific individual development plans.

The actions carried out under this programme seek to increase the visibility of women in management positions and expand the professional networks of participants as a commitment to their professional development within the Group. All of this with a clear objective: to take advantage of the strengths of the participants so that they can become leaders within their workplaces.

Structured as a hybrid learning programme, it combines group sessions with individual coaching sessions to strengthen participant learning.

The ACS Group is committed to the employment integration of people with disabilities and other vulnerable groups, and uses employment as an instrument for social inclusion. At year-end, the ACS Group had 7,942 employees with disabilities. In this area, the Group's most prominent exponent is Clece, with numerous collaboration agreements with institutions. In addition, companies that represent 82.6% of the Group's employees have implemented systems that guarantee universal accessibility for people with disabilities with infrastructure adapted to remove physical barriers for all people.

EMPLOYMENT INTEGRATION OF VULNERABLE GROUPS AT CLECE

In spite of the impact of the COVID-19 pandemic on job stability, Clece has continued to develop its Social Project, a project aimed at a wide variety of vulnerable groups such as **victims of gender-based violence,** persons with **functional diversity,** persons at **risk of social exclusion** or **unemployed young people**. This Project aims to ensure that all people can have equal access to employment without being discriminated against due to disability or social circumstances.

With this philosophy, diversity and inclusion have become a key value of Clece, which has integrated 9,027 employees from these groups into its organisation, representing 11.7% of the total workforce in 2020. This proportion remained constant in regard to the previous year, despite the fact that the number of workers in the workforce decreased for the first time in Clece's history this year. A significant portion of the services provided by the company, such as day centres or home-help services, provided mainly to older persons, were particularly affected during the months of lockdown.

In addition, Clece's efforts in favour of quality of employment is demonstrated by the increase in the number of these workers with permanent contracts. Of the 9,027 workers from vulnerable groups, 57% have permanent contracts, which represents an increase of 6% with respect to 2019.

Social and institutional cooperation is indispensable for employment inclusion to become a reality. For this reason, Clece collaborates with more than 350 associations, foundations, social entities and public bodies, creating an indivisible chain that leads to the employment and independence for the people facing the greatest difficulties.

Specifically, the Nominations Committee ensures that the selection procedures for Board members favour diversity in regard to the aforementioned issues and, in particular, seeks to facilitate the selection of directors in a number that allows a balanced presence between women and men. The Board's total remuneration is shown in the table below.

Thousands of euro	2019 Number of Directors	2020 Number of Directors	Total remuneration for the 2019 financial year	Total remuneration for the 2020 financial year	Variation
EXECUTIVE DIRECTORS (1)	**5**	**5**	**3,422**	**3,259**	**-4.8%**
Fixed remuneration			**1,494**	**1,489**	**-0.3%**
Variable remuneration(2)			**1,065**	**881**	**-17.3%**
Contributions to long-term savings systems			**857**	**883**	**3.0%**
Other concepts			**7**	**7**	**n.a.**
NON-EXECUTIVE DIRECTORS	**12**	**11**	**244**	**235**	**-3.7%**
WOMEN	**3**	**3**	**185**	**188**	**1.6%**
MEN(3)(4)	**9**	**8**	**264**	**251**	**-5.0%**

(1) The Executive Directors of the ACS Group are men.
(2) Includes short-term annual variable remuneration and long-term plans
(3) Excludes the remuneration of Mr. Manuel Delgado Solís in 2018 and 2019 due to his resignation in November 2019
(4) Excludes the remuneration of Mr. José María Loizaga Viguri, deceased in March 2020

The Board of Directors of the ACS Group consists of 6 directors (all men) who, in 2020, had an average annual remuneration of 2,758 thousand euros (vs. 3,018 thousand euros in 2019), including fixed and variable remuneration, and an average annual contribution to pension plans 797 thousand euros (vs. 793 thousand euros in 2019).

The Group also ensures that the remuneration and talent retention policies are aligned with these basic principles. For the average remuneration, the average annual remuneration of the ACS Group employees was taken into consideration considering their basic salary and other cash incentives. The consolidated data show the weighted average broken down by gender, professional classification and age.

The salary differences detected are due to several reasons. On the one hand, the greater presence in countries with higher per capita income, which is relevant in activities such as Construction, as well as the type, specialisation, workday, seniority, factors of danger or location of the various activities of the Group. In this regard, the comparison will equate operators at heights in the United States or mining operators in Australia, with high danger levels and higher per capita income, with the Services activity, whose personnel are mainly located in Spain and with activity focused on cleaning services, home help and care for the elderly, with salaries regulated by the collective agreements of each activity.

This diversification of activities and the distribution of employees in countries with different levels of income is what justifies the differences presented in the average remuneration table. Furthermore, in the evolution of wages, it is important to highlight that, given the large degree of geographic diversification of activities and types of contracts, it is very difficult to show a homogeneous evolution of wages and salaries in different years, given the variations of the weight that the different countries/activities represent of the total, with the composition of the salary mass changing significantly from year to year.

Average annual remuneration (€)[3]	2019[1]			2020[2]		
	Men	Women	% Difference between average salary for men/ average salary for women	Men	Women	% Difference between average salary for men/ average salary for women
Senior management and university graduates	77,580.9	58,882.4	-24.1%	77,384.9	56,726.2	-26.7%
Non-qualified technicians,similar positions and administration staff [4]	22,898.7	29,235.3	27.7%	19,737.4	29,208.3	48.0%
Operators and other staff [5]						
Infrastructure and Industrial Services	26,474.9	26,116.5	-1.4%	25,805.6	29,067.7	12.6%
Services	14,583.9	13,717.6	-5.9%	15,061.9	13,979.4	-7.2%

Average remuneration (€)	2019	2020
Age <35 years	25,901.1	27,296.0
Age between 35-50 years	30,505.6	30,999.1
Age >50 years [6]	30,718.1	30,785.8

(1) During 2020, ACS has reviewed the consolidation methodology to ensure that homogeneous reporting criteria are established in all subsidiaries. Based on this review, the 2019 data has had to be recalculated to allow comparability between the 2019 and 2020 data.

(2) One of the main factors affecting remuneration in 2020 was the devaluation of the local currency against the euro in Latin American countries.

(3) For the calculation of average compensation for both 2019 and 2020, the average salary data during the year including both fixed and variable salary is taken. In 2019 and 2020, the scope of the data is approximately 93% of the Group's employees.

(4) The salary differences by gender for the category of non-certified technicians, similar and administrative staff are related to the geographic distribution of the workforce and the effect of the exchange rate. In this regard, 59% of the workforce included in the calculation works in Latin American countries, where the local currency has been particularly devalued against the euro in fiscal year 2020. Likewise, this category has a greater male presence, with a ratio of 5 men for every woman, generating, therefore, a greater diversity of positions and salaries in this category for the male gender, making comparability by gender difficult.

(5) The salary differences by gender for the category of Operators and other personnel, for the Industrial Infrastructures and Services division, are related to the geographical distribution of the workforce and the effect of the exchange rate. Specifically, 40% of the workforce included in the calculation works in Australia, with a large male presence, with a ratio of 15 men for every woman, resulting in a wide range of positions with different salaries in this category for the male gender, making comparability by gender difficult. It should be noted that the devaluation of the local currency in Latin American countries also has an impact on the average salaries presented, since approximately 16% of the workforce included in the calculation is located in Latin American countries, with a much higher male presence in these countries.

(6) The 50+ age group includes a large number of employees in the Services division, who perform cleaning, home help and elderly care services, with part-time contracts being the predominant type of working day.

5.2.3. ORGANISATION OF WORK AND SOCIAL RELATIONSHIPS

The emergence of the COVID-19 in 2020 altered the organisation of work in all areas, requiring a fast and effective response from the organisations. The health crisis has accelerated trends and initiatives that ACS Group companies implemented in the previous years as time flexibility measures or the promotion of teleworking in the jobs that allow it. It should be noted thatACS Group employees have additional improvements in regard to their working conditions in terms of the legal provisions, such as more holidays, more days of paternity/maternity leave, an improvement in the conditions for the reduced working day, or the accumulation of breastfeeding periods, etc.

Some of these measures make it possible to promote work-life balance and in 2020, this led to the reincorporation of 85.3% of women after maternity leave and 94.5% of men.

Likewise, the implementation of health-hygiene protocols and measures has changed the work systems, particularly in the infrastructure and services division to ensure the health and safety of its employees.

The reduction of the permitted number of people to comply with social distancing measures led to the reorganisation of the teams, and new work shifts have been implemented in some companies. The promotion of the teleworking has also led to the development of new procedures to ensure the best working conditions and, for example, some Group companies already have their respective work disconnection protocols.

DIGITAL DISCONNECTION PROTOCOL IN MASA

As a result of the current technological development and the use of new digital tools in employment, in November 2020, MASA developed its Digital Disconnection Rights Protocol. This document forms the basis for the requirements included in Organic Law on Personal Data Protection and guarantee of digital rights, as well as section 20bis that this Act adds to the Workers Statute.

Due to MASA's activities, in which time-table diversity is common depending on the geographic location of clients and the requirements of its business, MASA has defined a series of recommendations for its employees and collaborators in order to encourage digital disconnection outside the established business hours:

- In general, communications between employees must respect daily, weekly rest periods, leave periods or holidays. Likewise, communications between people in different time zones will be made at times when they overlap.

- In regard to email, this will be used within the usual workday, taking into account the working hours of both the sender and the recipient, using the option to postpone sending the message if it does not coincide with the recipient's workday. In exceptional cases in which a response is strictly necessary, the recipient must be notified by phone or instant messaging. The automatic response option will also be activated during holiday or rest periods.

- Telephone calls outside working hours will be avoided.

- Work meetings will be scheduled within the limits of the working day.

- The Management will promote the rational and responsible use of information technologies to improve the quality of life and health of its employees, promoting their rest.

In short, the purpose of the Disconnection Rights is to avoid psychosocial risks related to the abuse of new technologies, fostering a work culture based on the enjoyment of rest periods and work-life balance.

Image courtesy of WestConnex / Transurban.

[102-41]

This situation has also had a direct impact on the increase in the absenteeism rate, which in 2020 reached 1.9%, which translates into 7,597,046 hours of absenteeism. To compare with previous years, the increase in the number of hours of absenteeism has been found to be related to the impact of COVID-19.

	2017	2018	2019	2020
Total number of days missed (due to absenteeism)	765,812	700,019	694,806	939,915
Percentage of days missed due to absenteeism	1.5%	1.3%	1.3%	1.9%

	2018	2019	2020
Total number of days missed (due to absenteeism)	4,201,618	5,001,540	7,597,046

The ACS Group promotes, respects and protects the freedom to unionise and freedom of association of its workers. The percentage of Group employees who were members of trade union organisations in 2020 was: 11.3%, while 74.4% are covered by collective bargaining agreements or by an independent trade union. In accordance with each company's activity, these agreements define the number of working hours and set minimum notice periods for significant operational changes.

By countries, in companies whose head offices are in Spain, the number of employees covered by collective bargaining agreements or by an independent trade union was 92.2%, 77.2% of employees in companies with head offices in Germany, 26.7% for Australia and 20.2% in the United States and Canada. In regard to collective bargaining agreements with health and safety, in 2020, 82.2% of the ACS Group employees is represented on formal joint health and safety committees for management and employees, and 95.3% of the health and safety issues are covered by these. Over the course of 2020, these committees met more than 2,000 times.

Lastly, in addition to the relationship between trade unions, the ACS Group offers formal dialogue channels for the relationship with its workers, such as ethical channels or work atmosphere surveys. In any case, for more information on the communication channels in relation to employees, see Chapter 5.5.

5.2.4. RISK MANAGEMENT IN HR QUESTIONS

The functions attributed to the Audit Committee of the Group's Board of Directors include the review, monitoring and assessment of the Group's Sustainability Policy, as well as the other related internal regulations, including the Code of Conduct, Diversity Policy, as well as the Human Rights Policy, which will be developed in accordance with the characteristics and needs of each of the Group's companies.

Likewise, in accordance with the Group's risk map, updated in 2020, and the materiality analysis, the Group has prioritised the risks based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches.

The table below shows the results obtained from this prioritisation of potential risks to perform the activity related to human resource management, as well as the management measures adopted by the ACS Group:

Issue	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable Policies ACS Group
Responsibility to local communities	The company's activity may give rise to risks due to opposition from communities to the execution of projects or due to a negative perception of the management. This could jeopardise the Group's reputation and the social license to operate. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • COVID management • Impact on the economic-social environment • External communication with stakeholders • Infringement of human rights.	• Encourage a proactive dialogue with the community through those responsible for the specific companies and projects. • Personnel management measures, in accordance with the general principles established in the Group's policies, adapting to the specific characteristics of each of the Group's companies.	Indicators presented in this Chapter 5.2.	• Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.
Developing talent and diversity	Having a pluralistic environment, where diversity and equal opportunities take precedence, offers competitive advantages for companies, such as loyalty and productivity for employees. Furthermore, the increasing complexity of projects and the new requirements of the sector - for example, energy efficiency and sustainability standards and certifications in construction - require greater knowledge and specialisation. If these are not acquired quickly, the company will be at a disadvantage in regard to its the competitors, to the detriment of the business. Nevertheless, efforts at attracting and retaining talent, and the commitment to training, help ACS stay at the forefront. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • COVID management. • Labour Relations. • Attracting and retaining talent. • Ineffective internal communication.	• The 20-20 Plan includes a commitment to improving professional performance by increasing investment in training. The Code of Conduct, the Diversity Policy and the other developments in this area also define the framework for action. • Within this common framework, each company manages the development of its professionals in accordance with its specific needs, taking into account the Group's policy. They define training and professional and personal development programmes, and assess their impact on participants.	Indicators presented throughout this chapter 5.2, such as: - Remuneration, type of employment contract and distribution in the workforce. - Strategies for attracting, developing and retaining talent. - Training hours, investment in training, employees trained. - Measures for social dialogue, organisation, flexibility and work-life balance. - Policies, plans and measures for diversity and equality between men, women and persons with disabilities.	- Code of Conduct. - Diversity policy. - Talent Development and Assessment Policy - Sustainability policy. - Human Rights Policy. • Risk Control Policy.

5.3 OCCUPATIONAL HEALTH AND SAFETY

Ensuring occupational health and safety in all ACS Group companies is one of the pillars of the company's strategy. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies. For example, in 2020, for the first time in the history of the Cobra Group, common objectives were set for the frequency and severity index, combining its own employees and subcontractor employees. This milestone has a direct impact on the variable remuneration of management personnel, affecting them to the same extent the accident rate results for their own employees as well as for subcontracted personnel.

The ACS Group remains firmly committed to implementing a culture of occupational risk prevention that allows the ultimate goal of zero accidents to be achieved. Occupational health and safety is one of the most important material issues for the ACS Group due to its activity, so management of this issue is being handled as a priority. Throughout 2020, investment in occupational health and safety reached 1,197 euros per employee, an increase of 53.8% with respect to the previous year.

	2017	2018	2019	2020
Investment in health and safety (millions of euros)	142	160	155	226
Spending per employee on Safety (euros)	783.5	795.5	778.1	1.196.7

The health crisis caused by COVID-19 during the year required a multitude of measures and actions to ensure the health and safety of all employees, as well as during relations with stakeholders. This was reflected in the increased investment in health and safety during the year. For months now, the Group has been turning its efforts to deal with the pandemic.

Although each company of the group is managed independently and has its own action plans, common principles are followed in managing the safety and health of workers and other stakeholders:

- Compliance with the current regulations on occupational risk prevention and adoption of other more stringent measures in accordance with the requirements voluntarily agreed upon.
- Integration of occupational risk prevention into all activities and at all levels through proper planning and implementation.
- Application of the principle of ongoing improvement in health and safety management systems, including the performance of the actions necessary to protect employees and third parties in the facilities of each of the companies.
- Promotion of training of workers on occupational health and safety aspects, as well as the allocation of the investments necessary to achieve the most innovative techniques for accident prevention.

DRAGADOS COMMITMENT TO SAFETY AND HEALTH IN 2020

Dragados, aware that people constitute the most important value of his organisation, recognises the right of its employees to work in a healthy, safe and environmentally-friendly environment, taking on the commitment to continuously care for and improve their safety, health and well-being.

To this regard, in October 2020, the new **Prevention Policy**, which aims to promote the integration of a culture of safety, health and the environment at all hierarchical levels and in all of the activities carried out by the company. A commitment to health and safety, not only with its workers, but also from the community and society, which it has clearly demonstrated in the current health crisis with its strategy for monitoring and controlling COVID-19. For this reason, in this Prevention Policy, the Management of Dragados agrees to:

- Exercise leadership in health and safety, promoting collaboration and commitment from all.
- Design, implement and improve the effectiveness of a management system based on risk identification, elimination and control, promoting the application of best practices.
- Encourage the permanent development of collaborating individuals and companies by implementing training programmes that encourage the motivation, consultation and participation of workers.
- Ensure compliance, not only with legal, client and regulatory requirements, but also with those others that it assumes voluntarily, relating to safety, health and the environment.

At the same time, in order to promote and strengthen its culture of prevention and promote compliance with its health and safety objectives, the Dragados Group established and implemented the health and safety strategy **"Safe and Healthy"**(S&H) in all areas of the company.

S&H relies on well-established management systems that are certified under international standards, but it is more than mere regulatory compliance; it is the core of a markedly positive culture of prevention. S&H is based on a comprehensive perspective of prevention that not only recognises, but also uses, the advantage of diversity through a flexible application that promotes local initiatives. It is about improving by sharing values, experiences and innovative initiatives.

- **Human commitment:** S&H tries to ensure that we all return home each day in the same conditions in which we came to work. A positive, better and safer working environment will positively influence people's daily lives, creating a safer, healthier team of people that can work without incidents.
- **Teamwork:** Dragados creates an atmosphere of collaboration between its employees, its clients and its subcontractors so that, working as a team, it is committed to working in a risk-free environment.

  S&H also requires a commitment to speak and act when a member of the team fails to show an attitude of personal responsibility towards safety.
- **Responsibility:** S&H means taking responsibility for a safe result and helping others to achieve their goal safely.

To ensure effective health and safety management, 100% of the ACS Group companies have implemented occupational health and safety systems. To ensure correct implementation and management of the systems, in companies that cover 99.9% of the Group's employees, the health and safety systems are subject to periodic review by the internal audit and external audit teams. In this regard, over the course of 2020, ISO45001 certification was extended among ACS Group companies. Although in previous years, the most common certification among Group companies was OHSAS 18001, in 2020 companies such as Clece or Dragados certified their health and safety systems under ISO 45001.

	2017	2018	**2019**	**2020**
Percentage of total employees covered by OSHAS 18001 or ISO45001 certification	85.4%	90.1%	91.3%	92.0%

The Group companies that have their own health and safety management systems apply the following procedures to their activities:

- Periodic assessment of the risks to which employees are exposed.
- Definition of prevention plans with formal targets which incorporate the improvements identified in the assessment processes.
- Identification and recording of situations which could have given rise to an incident (near misses).
- Workers' and managers' remuneration are linked to fulfilment of formal targets as regards health and safety.

Likewise, occupational health and safety management systems include processes for workers to report occupational hazards or situations that they observe during their activity. These channels allow ORP teams, as part of the ongoing improvement process, to assess new risks and implement the measures necessary to prevent and manage them.

For example, in the case of Clece, in 2020, the Health and Safety Policy was changed to include recognition of workers' authority to be able to halt work that entails a potential serious risk and their duty to notify those responsible to safeguard the health and safety of employees. This is also the case in Cobra, with its *Stop Work* initiative.

STOP WORK - COBRA

Cobra's Health and Safety policy includes the basic principles of its culture of prevention. In fact, this policy includes the Stop Work initiative, which is in line with one of the basic safety principles of the Cobra Group: commitment to eliminate dangers and reduce risks in carrying out its activity. Thanks to this practice, any work that does not take place in an environment that is completely safe for workers, or that gives rise to doubts or discrepancies in regard to safe execution, will be halted immediately. This message is disseminated monthly to the employees of the organisation and is applied daily in projects, keeping a count of the projects that are halted.

The supervision and optimisation of these occupational health and safety systems involves setting and monitoring objectives, generally on an annual basis, which are approved by senior management. The Risk Prevention Plans implemented at the Group companies include the conclusions from the periodic risk assessments made and establish guidelines for achieving the objectives set.

The Group is getting closer and closer to reaching the goal of zero accidents thanks to the work of the prevention services and the commitment of employees, suppliers, contractors and collaborating companies.

Furthermore, in addition to the commitment to the occupational health and safety of its employees, the ACS Group promotes the health of its employees and it is increasingly common for Group companies to have access to health insurance or other non-employment-related health services. Some examples include the health insurance that Dragados, Clece, INITEC, MAKIBER and SEMI, among others, offer their employees, or Cobra's campaigns on nutrition, vaccination, preventive medicine and promotion of the sport, among many other initiatives within the Group.

EMPLOYEE SAFETY IN THE TIME OF COVID-19 (CLECE)

CLECE's recognised actions in the most difficult times of the pandemic were largely due to the measures implemented for the safety and health of its workers and users. This is reflected in the provision of protective equipment and training to employees from the start of the pandemic.

Along with the action and training protocols, guaranteeing protective equipment for workers also a priority, to allow them to carry out their activity, classified as essential, with the least possible risk to their health and safety. This task was particularly complicated at the beginning of the pandemic, when the high social demand for these products exceeded the available resources of governments and industry. In the case of Clece, which was using 100,000 masks a day in the worst weeks of the health emergency, it became an indispensable resource to allow employees to carry out their activities. For this reason, in July 2020, Clece acquired a mask manufacturing machine, with a production capacity of 55,000 units per day, thus becoming Spain's first company with the capacity to self-supply.

Other initiatives were also carried out in line with the above, to deal with the virus. For example, the company acquired its own PCR test machines, which made it possible to determine results in just 20 minutes. This gave residents and workers total availability when performing the tests on a recurring basis and detecting possible cases of positive asymptomatic persons more quickly.

5.3.1. TRAINING

The ACS Group believes that one of the basic points of action in the effective management of safety and health at work is the training and awareness of the people who form part of the Group. As evidence of this, the objectives of the ACS Group's 20-20 plan include increasing training on employee health and safety topics, in order to reach 100% of the workforce. Although this figure has increased from year to year and has been close to meeting it, the impact of COVID-19 prevented the target from being achieved (difference of -0.7%). The suspension of the in-person training in March with the emergence of the COVID-19 caused the planned training to be suspended, adapting it when possible to be given virtually. However, due to the characteristics of certain sectors, as is the case with construction, part of the training (prevention courses, among others, which, according to the agreement, must be carried out on an in-person basis), could not be given virtually and the expected percentage of employees could not be achieved.

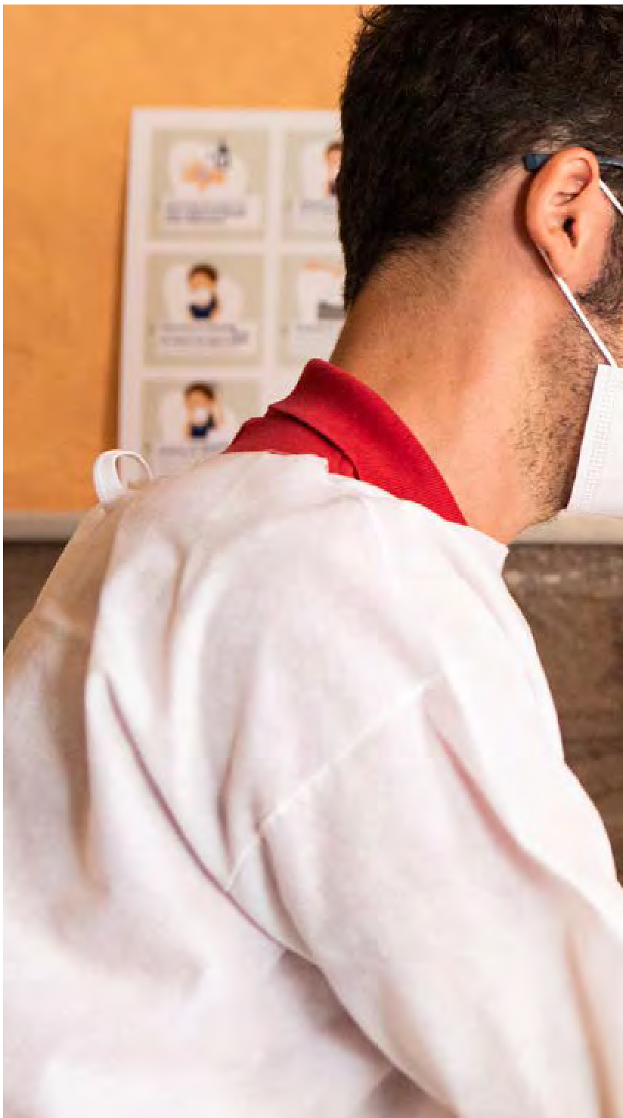
92.3% of the employees received health and safety training during 2020 (72.4% in 2019) due to the need to raise awareness and ensure knowledge of all the new health measures and protocols implemented by the Group in the fight against COVID-19.

	2019	2020
Employees who have been trained in health and safety over the year (%)	72.4%	92.3%
Employees who have received training in health and safety throughout their career at the company (%)	99.2%	99.3%

The ACS Group has various health and safety training programmes aimed at employees. On the one hand, there are basic knowledge courses, such as first aid, occupational risk prevention or emergency and evacuation plans, among others. In addition, specific courses are available based on the type of business and the risks associated with them, including work performed at heights, safety in atmospheres with toxic or explosive gases, and handling of specific machinery. Other courses include training focused on the mental well-being of workers, such as mental health and emotional health.

In addition, due to the pandemic and the threat it poses to the health of workers, specific informational courses on the prevention of transmission of the virus, safety in confined spaces and procedures, were given in accordance with protocols for action against COVID-19.

The ACS Group collaborates with organisations specialised in health, safety and risk prevention issues and actively participates in the major conferences, congresses and forums organised domestically and internationally.



5.3.2. SAFETY STATISTICS

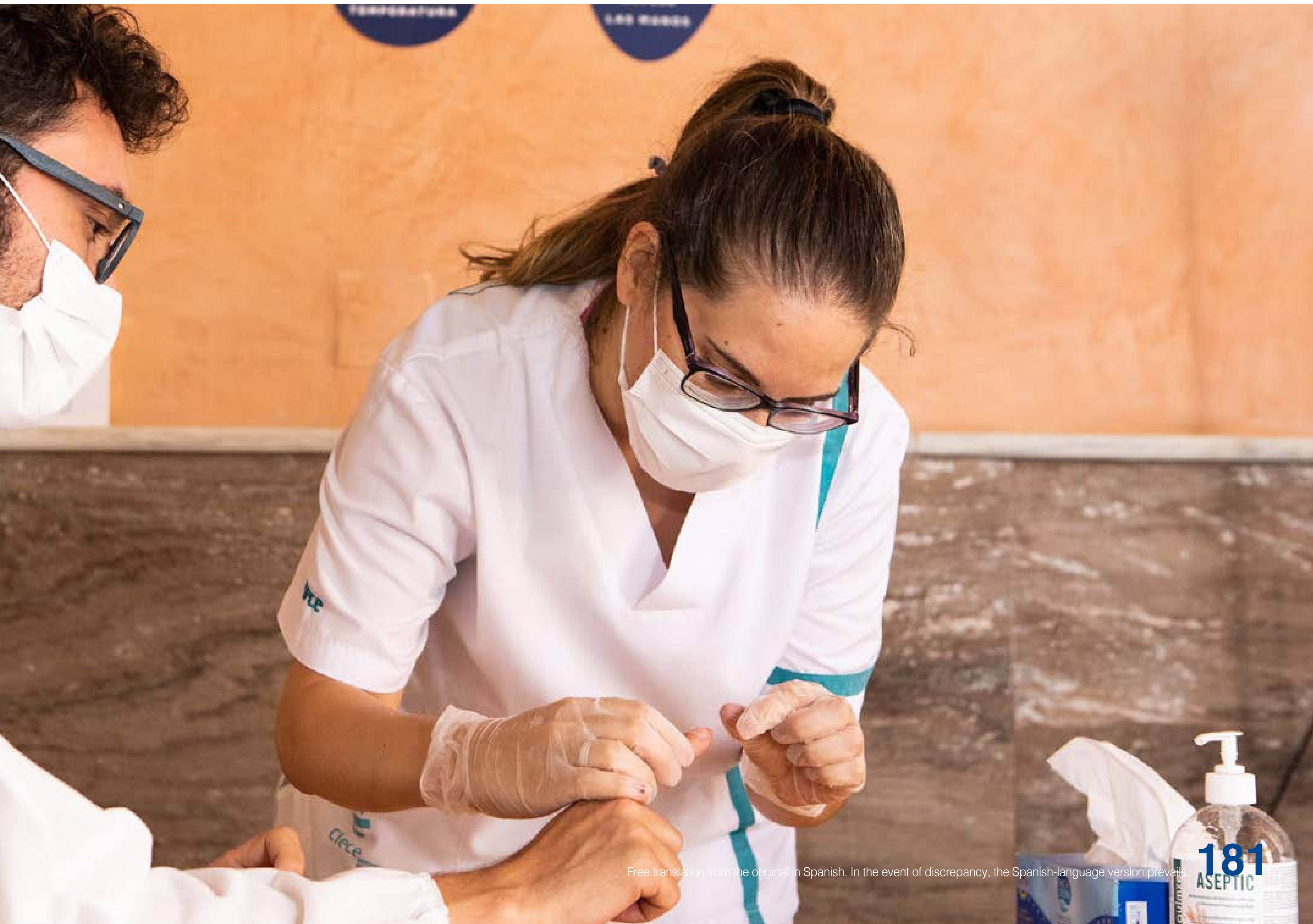
This ongoing effort made by all of the companies in the ACS Group in relation to health and safety is evident year after year in the continuous improvement of the indicators. The decline in these indices in 2020 shows the effectiveness of the measures taken by the occupational risk prevention teams.

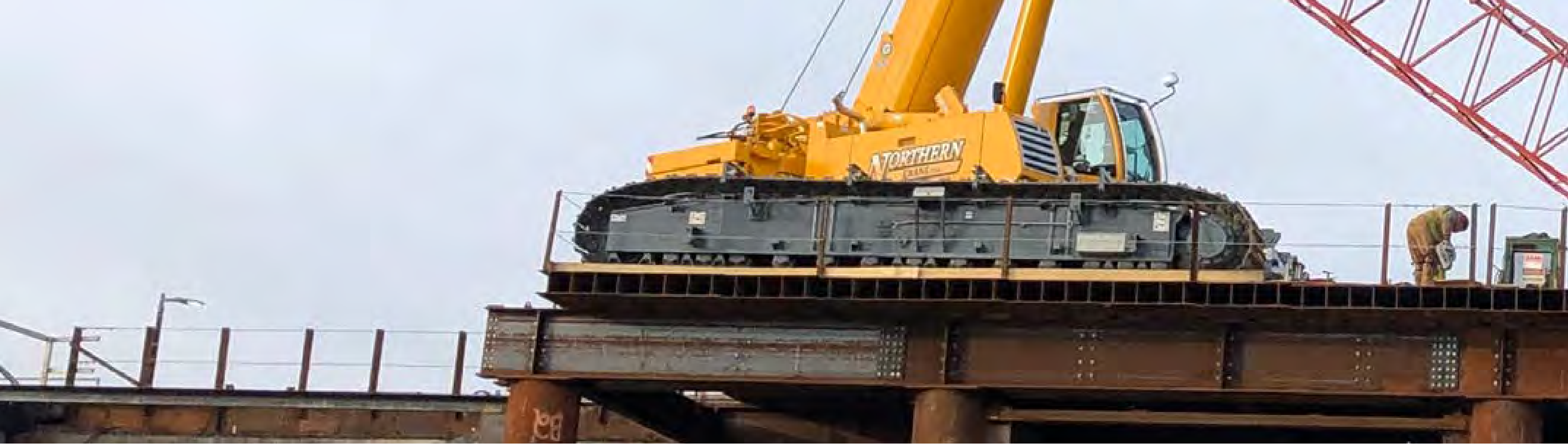
Accident rate. Own employees	2017	2018	2019	2020
Frequency (1)	12.25	11.12	10.46	9.06
Infrastructure	2.72	2.40	2.14	1.83
Industrial services	6.33	6.13	5.74	5.84
Services	31.46	28.92	24.99	19.85
Severity (2)	0.34	0.30	0.34	0.31
Infrastructure	0.08	0.08	0.08	0.07
Industrial services	0.17	0.15	0.41	0.36
Services	0.88	0.78	0.62	0.55
Incident rate (3)	23.14	20.98	20.84	17.15
Infrastructure	6.04	5.24	4.61	3.95
Industrial services	13.60	12.98	13.19	11.43
Services	44.95	41.86	41.24	32.17

(1) Frequency Rate: Number of accidents occurring during the working day per million hours worked.

(2) Severity Rate: Number of working days lost due to accidents per thousand hours worked.

(3) Incidence rate: Number of accidents with sick leave per thousand workers.





Historically, the Services activity, due to the nature of business, is associated with a higher incidence and frequency rate. Given the weight that the Services activity has in the Group's consolidated indicators, particularly in the breakdown by gender, as this is where the highest concentration of women is found in the ACS Group.

Accident-rate. Employees	2019		2020	
	Men	Women	Men	Women
Frequency	**5.50**	**19.99**	**5.53**	**15.12**
Infrastructure	2.47	0.27	2.08	0.47
Industrial services	6.84	1.64	6.46	0.55
Services	17.14	26.91	19.84	19.85
Severity	**0.34**	**0.46**	**0.24**	**0.42**
Infrastructure	0.08	0.01	0.07	0.03
Industrial services	0.41	0.04	0.40	0.03
Services	0.62	0.62	0.55	0.55
Incident rate	**11.87**	**35.03**	**11.26**	**25.57**
Infrastructure	5.39	0.56	4.57	0.94
Industrial services	15.80	3.62	12.72	1.02
Services	28.31	44.38	32.31	32.14

Each one of the Group's companies closely monitor these indices and due to the importance given to these aspects, periodic reporting, in many cases is weekly or monthly, of the accidents and incidents that have occurred is a common practice, in order to assess the effectiveness of the measures implemented.

COMPREHENSIVE MONITORING OF THE ACCIDENT RATE AT MAETEL

The importance of occupational health and safety for the MAETEL Group has given rise to its own organisational model and the definition of functions for proper management of these issues. One of the notable aspects is the reporting of all types of relevant accidents and incidents that is sent weekly to the entire organisation as part of the ongoing improvement process.

At the beginning of each week, all MAETEL Group branch offices send the weekly list completed with the accidents, incidents, acts and unsafe working conditions that were reported during the previous week. Also, if a lesson learned or improvement action has been prepared, this is also reported.

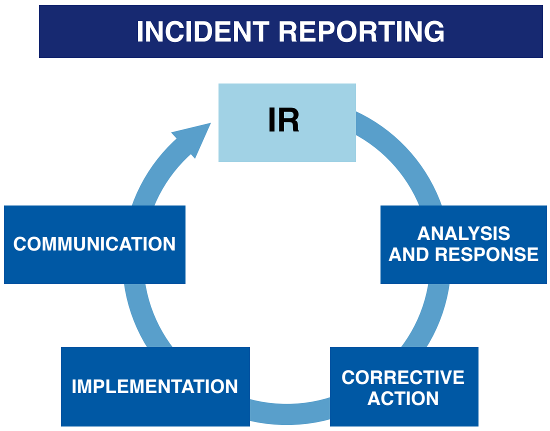
Every Thursday, the Central Prevention Service issues a weekly report on significant accidents and incidents the occurred the previous week in the MAETEL Group, in order to convey what happened in the Group to the entire organisation. This gives greater visibility to prevention activity in order to avoid accidents in the company.

INCIDENT REGISTRY - COBRA

In the case of Cobra, the RDI (Incident Registry) Project was launched globally, with the aim of significantly improving accident reporting. To do this, the Group identified a change in the culture of prevention of both its own employees and those of collaborating companies as a priority.

All incidents, accidents (with or without employee absence) and occupational diseases are investigated by the Site Managers in collaboration with the Prevention Technicians and affected supervisors. They fill out a pre-defined report that is sent to the Central Prevention Service. In addition, all incidents are investigated in accordance with the Incident Registry (RDI) project for the same preventative and control purposes as the company's own accidents and subcontractor accidents. If there is a significant accident, an Investigation Committee is formed to detect the cause and avoid future occurrence.

The incident report forms part of a procedure for registration, investigation, analysis, closure of corrective actions and implementation.



In 2020, occupational illness dropped to 81 cases, compared to 150 cases in 2019. None of these occupational illnesses resulted in the death of the employee. The main types of work-related injuries that occur to ACS Group employees are, for the most part, linked to bumps or bruises, cuts, sprains, fractures and/or sprains of the legs and arms, as well as eye injuries. The common cause of these injuries is often due to overexertion, ergonomics, falls and the use or handling of objects or tools. It is important to highlight that, due to COVID-19 and the halting of many projects during the most difficult months of the pandemic, fewer occupational accidents were detected in 2020.

On the other hand, the main types of occupational illnesses are, for the most part, due to ergonomic injuries that vary according to the type of activity carried out (the most common ones are due to repetitive movements or forced positions).

	2019	2020
Total number of cases of occupational diseases (employees)	150	81
Total number of cases of occupational diseases (employees Men)	107	50
Total number of cases of occupational diseases (employees Women)	44	31
Occupational Disease Frequency Rate (employees)(1)	0.371	0.225
Occupational Disease Frequency Rate (Male employees)	0.408	0.220
Occupational Disease Frequency Rate (Female employees)	0.309	0.234

(1) Occupational Frequency Rate: Number of occupational diseases per million hours worked.

ACCIDENT-RATE. SUBCONTRACTORS

The dissemination of the culture of prevention between suppliers, contractors and collaborating companies is another one of the Group's basic guidelines of action in this area. The Group continuously monitors the health and safety conditions of these stakeholders and records the accident rates associated with them.

In 2020 no cases of occupational illness or death due to this cause were recorded among subcontractors. In this regard, the main types of injuries caused by occupational accidents and illnesses are linked to the same causes as those described for employees when performing the same activity.

CONTRATORS	2017	2018	2019	2020
Frequency	**3.44**	**3.01**	**2.91**	**2.94**
Infrastructure	4.75	3.85	3.43	3.22
Industrial services	1.60	1.78	1.48	2.10
Services1	0.00	0.00	0.00	0.00
Severity	**0.11**	**0.10**	**0.10**	**0.16**
Infrastructure	0.09	0.10	0.12	0.07
Industrial services	0.13	0.09	0.04	0.40
Services	0.00	0.00	0.00	0.00

Since Clece does not work with subcontractors, the indicators for the Services activity are reduced to 0.

Likewise, the ACS Group's commitment to the safety and health of its suppliers, contractors and collaborating companies takes the form of training that is provided to ensure that they are aware of all of the safety measures available that the Group makes available to them to safely carry out their activities. The number of hours of training for contractors that Group companies registered in 2020 was 1,223,133 hours. It is important to highlight that the Group has recently begun to record indicators related associated with the training of the contractors, so there are Group companies that have begun to monitor this information so that it will be available for the coming years.

5.3.3. MANAGEMENT OF HEALTH AND SAFETY RISKS

The functions attributed to the Audit Committee of the Group's Board of Directors include the review, monitoring and assessment of the Group's Sustainability Policy, as well as the other related internal regulations, including the Code of Conduct and the Code of Conduct for Business Partners.

The ACS Group companies will develop these policies in accordance with the characteristics and needs of each one of the Group companies, but always maintaining the common management principles described in section 5.3 and focusing on the fundamental objective on which the entire company is focused, which is the objective of zero accidents.

Likewise, in accordance with the Group's risk map, updated in 2020, and the materiality analysis, the Group has prioritised the risks based on their potential relevance for the company's activity in regard to occupational health and safety, depending on the type of activity, areas of activity, policies and management focuses.

Issue	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable Policies ACS Group
Responsible supply chain	Poor practices by a company's suppliers pose a potential risk that, if it were to materialise, could hinder its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and to constantly improve its performance. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Occupational risk prevention, health and safety risks. • Procurement and subcontracting processes.	The mandatory Code of Conduct for Business Partners establishes, among other basic principles, that: - It is essential that the business partners, regardless of the country in which they carry out their activity, respect the fundamental human and labour rights, recognised internationally - Respect for human health and safety is a primary objective for ACS. Therefore, its business partners must be committed to ensuring a safe and healthy working environment for their members, as well as greater respect for occupational health and safety regulations, complying with the applicable occupational risk regulations.	In 2020, of the 131,984 direct suppliers with which the Group works, 92.8% of suppliers signed on to accept this Code or have a method similar to the ACS Group Code of Conduct. In these formal supplier approval systems, the weight of the factors related to sustainability (environmental, ethical and social criteria) out of the total factors used for the approval varies according to the companies' activities and areas of activity, but the weighted average weight of these factors exceeded 38.5% in 2020.	• Code of Conduct Business Partners • Risk Control Policy.
Objective: Zero accidents	Despite the progress made in the infrastructure and services sector, the frequency indices in accident rate ratios remain higher than in the other sectors, negatively affecting the perception of the stakeholders. This fact, together with the costs associated with the employee accident rate and low productivity, negatively affects the companies. To avoid this, have proper management of health and safety is vital, improving metrics, reducing operational costs and improving reputation. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Occupational risk prevention, health and safety risks.	• The 20-20 Plan is committed to reducing the accident rate among employees. To achieve this global commitment, each company independently manages health and safety, planning and implementing activities and measures such as periodic risk assessments and the definition of prevention plans with annual objectives. • Most companies have a management system to comply with the action plans approved by senior management. • The company is working to establish occupational health and safety objectives linked to the variable remuneration of the Senior Management that entail the reduction the accident rates by 2021. • The Group collaborates with specialised organisations and participates in congresses on this matter.	Indicators presented in this point 5.3. relating to: - Health and safety standards, also required for the supply chain. - Zero-accident policies: mitigation plans and reduction targets. - Safety and health training and awareness. - Monitoring of accident rates, frequency and severity indicators.	• Code of Conduct • Sustainability Policy. • Risk Control Policy.

5.4 REGULATORY COMPLIANCE

5.4.1. THE GLOBAL COMPLIANCE MANAGEMENT SYSTEM

THE COMPLIANCE FUNCTION

Section 25 of the Rules of the Board of Directors Regulations, amended on 17 December 2020 to adapt it to the partial revision of Good Governance Code of Listed Companies, approved by the CNMV on 26 June 2020, indicates, in regard to the **functions of the Audit Committee in corporate governance and sustainability for environmental and social issues**, that this specialised Committee within the Board of Directors is responsible for monitoring compliance with the Company's environmental, social and corporate governance policies and rules, as well as with the internal codes of conduct, and has the following functions:

a) Supervision of compliance with corporate governance rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b) Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and relates to small and medium-sized shareholders will also be monitored.

c) Regular evaluation of the suitability of the Company's system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.

d) Supervision to ensure that the Company's environmental and social practices comply with the defined strategy and policy.

e) Supervision and evaluation of relations processes with the different stakeholders.

It also includes section 24 of the Rules of the Board of Directors, amended on 17 December 2020, among the functions that correspond to the Audit Committee in the area of supervision of risk management and control, the supervision and assessment of the effectiveness of the financial and non-financial risk management systems relating to the Company and the Group, including the operational, technological, legal, social, environmental, political and reputation or anti-corruption systems.

The Compliance Committee, which reports directly to the Audit Committee, is the main instrument of this Committee to perform these functions.

The Compliance Committee is therefore the body that manages the general compliance management system of the ACS Group, covering the areas of criminal compliance and anti-bribery, market abuse, Human Rights, Competition, privacy and data protection, taxation, cybersecurity, as well as all issues included in this consolidated non-financial statement of the ACS Group and those relating to compliance with the Company's internal codes of conduct, supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information and the assessment and periodic review of the environmental and social policy.

Through the general compliance management system, the ACS Group gives the members of the organisation, its business partners and stakeholders assurance of transparent management of financial, non-financial and corporate information, which makes it possible to generate shared value in the Group and reinforce stable and trusting relationships with all stakeholders. The Group also ensures the promotion and control of ethical and integrity issues, by means of measures to prevent, detect and eradicate corruption and other unlawful conduct.

THE ARCHITECTURE OF THE COMPLIANCE FUNCTION IN THE ACS GROUP. THE INDEPENDENCE OF THE COMPLIANCE FUNCTION.

All subsidiaries of the ACS Group have a Compliance Committee that is responsible for operating their own general compliance management system under the guidelines and standards provided by the Compliance Committee of the Group's parent company. The ACS Compliance Committee regularly monitors, through an average control model, the application of these guidelines and standards in the Group's subsidiaries through a general compliance reporting model.

The ACS Compliance Committee reports quarterly to the Board of Directors through the Audit Committee. This model guarantees the independence of the Compliance Function from the Senior Management and its distance from the management team that is responsible for operational management. Its functional relationship and direct access to the Board of Directors, as well as the fact that the assessment of the performance of the Compliance Committee is the responsibility of the Board of Directors, ensures that the ultimate control of the system's efficiency depends on the governing body of the Group's parent company.

5.4.2. COMPLIANCE POLICIES AND PROCEDURES

The Group's main compliance policies and procedures are available to all stakeholders and business partners on the corporate website: www.grupoacs.com. The Board of Directors ensures the ongoing review of these policies and procedures to ensure that they are sufficient and that they are being applied, avoiding, in any case, situations that could affect the Company's credit and reputation.

THE ACS GROUP CODE OF CONDUCT AND ITS UPDATING

The Code of Conduct, whose latest version is dated 12 November 2015, summarises these basic principles and serves as a guide for employees and managers of the ACS Group in relation to their daily professional work, the resources used and the business environment in which they carry out their work. The basic principles of the Code of Conduct are integrity, professionalism and respect for people and the environment.

At the proposal of the Compliance Committee, in 2021, the Board of Directors of the Parent Company of the ACS Group will approve a substantial update of the Code of Conduct. Work is already underway, and it aims to adapt to the profound regulatory changes in terms of sustainability, governance and compliance that have taken place between 2016 and 2021, both in Spain and internationally.

Code of Conduct

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The following standards will be taken into account in this new regulatory context:

1. In the general area of Compliance, ISO 37301 on compliance management systems.

2. In regard to criminal and anti-bribery compliance, the Spanish standard UNE 19601 on criminal compliance management systems, ISO 37001 on anti-bribery management systems and the US Department of Justice (DOJ) Guidelines on Evaluation of Corporate Compliance Programmes, updated in 2020.

3. Regarding compliance relating to competition, the Guidelines on Compliance Programmes published by the National Markets and Competition Commission (CNMC) in June 2020.

4. Regarding processes and channels for handling complaints and queries, the European Directive 2019/1937 on the Protection of Whistleblowers, as well as ISO 37002 (currently in the draft phase), on complaint channel management systems.

5. In regard to good corporate governance, ISO 37000 guidelines for governance in organisations (currently in the draft phase), and the recent recommendations of the Spanish Stock Market Commission (CNMV) on good governance in listed companies.

6. In regard to cybersecurity, the guidelines established in Directive 2016/1148 on measures to ensure a high common level of security in the EU's information networks and systems, the Spanish Cybersecurity Law Code and ISO 27001 on information security management systems and the ISO 27701 standard on information privacy management systems.

7. Relevant texts in the area of defence of human rights, taking as their main reference the UN Guiding Principles on Business and Human Rights and the rights included in the UN Universal Declaration of Human Rights.

8. UN SDGs, including the Principles of Responsible Investment (PRI) and Agenda 2030, the Paris Agreement, the WEF's global risk approach, the EU Green Deal and the integration of sustainability, environmental and social dimensions into public policies.

9. Guidelines of the EU's Sustainable Finance Plan, the European Directive for Sustainable Corporate Governance, as well as the possible new non-financial information directive that will be transferred to the jurisdiction of each country, and that in Spain will update Law 11/2018.

THE CODE OF CONDUCT FOR BUSINESS PARTNERS AND EXTERNAL DUE DILIGENCE PROCEDURES

Notwithstanding the commitment established in the Code of Conduct, the ACS Group has C**ode of Conduct for Business Partners**, that expressly includes the obligation of compliance with fundamental human and labour rights by the ACS Group's business partners as a basic principle.

In 2020, both the parent company and the divisions have approved and developed protocols for external due diligence in applying the Code of Conduct for business partners.

GOVERNANCE AND COMPLIANCE IN 2020

The recent partial amendment of the Good Governance Code of Listed Companies of 26 June 2020 shows the confluence between an effective performance of the compliance function and the expected best corporate governance practices in a publicly-traded Group such as ACS: good corporate governance practices are directly related to compliance management. In this regard, in 2020 the Compliance Committee coordinated intensively with the General Secretariat, in line with the principles being developed by the Work Group of the ISO International Committee, which, as of the date this report was issued, was preparing the new ISO 37000 standard on Governance of Organisations, which will provide a new reference framework for interpreting ISO management systems on compliance, highlighting the growing importance of non-financial and corporate information: How Compliance activities are key to meeting the expectations of regulators, supervisors and other stakeholders in a publicly-traded Group.

For these reasons, the following work was carried out in October and November 2020 by the Compliance Committee and the General Secretariat, in coordination with the General Corporate Management:

1.- Amendment of the General Risk Control and Management Policy to comply with the new Recommendation 45 of the Good Governance Code of June 2020.

Significant elements of the new text, approved by the Board of Directors on 17 December 2020, include section 5.1., which identifies all the risks included in the financial and non-financial analysis methodology, as well as section 6, which establishes that the structure of the group's different risk control and management policies is based on the processing and communication of financial, non-financial and corporate economic information, covering, among other issues, those relating to regulatory and regulatory compliance, social issues, Human Rights, the environment, sustainability, diversity, anti-corruption, market abuse, competition, cybersecurity and corporate governance. The new General Risk Map of the ACS Group was approved by the Board of Directors on 25 February 2021.

General Risk Control Policy

2.- Amendment of the Communication Policy, to comply with the new Recommendation 4 of the Good Governance Code of June 2020.

Communication policy

3.- Amendment of the Corporate Social Responsibility Policy, which is now known as the Sustainability Policy, to comply with the new Recommendation 55 of the Good Governance Code of June 2020.

Sustainability Policy

In addition, the General Secretary submitted the proposed amendment of the Rules of the Board of Directors to the Board on December 17, in accordance with the new recommendations, highlighting the functions of the Audit Committee in relation to non-financial information and the powers of the Audit Committee in regard to corporate governance and sustainability in environmental and social issues

5.4.3. PREVENTION OF CORRUPTION AND BRIBERY

Enforcement and anti-bribery policy

In the area of criminal compliance and anti-bribery, the Code of Conduct and the Code of Conduct for Business Partners are complemented by the Criminal Compliance and anti-bribery Policy. This policy is aligned with national standard UNE 19601 on criminal compliance management systems and ISO 37001 on anti-bribery management systems.

In 2020, all of the goals defined in terms of criminal compliance and anti-bribery were achieved:

1. Compliance with the internal auditing of compliance processes and the observations and opportunities for improvement included by AENOR in October 2019 in its first audit for the follow-up of the international standard on anti-bribery management systems UNE-ISO 37001: 2017 and Spanish standard UNE 19601: 2017 on compliance management systems, as reflected in the second follow-up audit in October 2020.

AENOR's certificates uploaded to www.grupoacs.com

- ASO-2018/0018, as recognition and proof of compliance of its management system with UNE ISO 37001: 2017.

- GCP-2018/0044, as recognition and proof of the compliance of its management system with UNE 19601: 2017.

2. Reduction of the net risk in the risk matrix and criminal and anti-bribery controls, by adopting measures to effectively reduce net criminal risk and improvement and expansion of the controls associated with that risk. ACS's model of criminal compliance and anti-bribery aims to achieve proper control by the parent company in regard to the actions of the subsidiaries that could result in conduct that constitutes the criminal acts that could be committed by the legal entity in the different jurisdictions in which the ACS Group subsidiaries operate.

To exercise this proper control, the Compliance Committee, with the support of the Board of Directors, in December 2019, decided to establish a homogeneous system for measuring criminal and anti-bribery risk in all of the subsidiaries of the ACS Group worldwide. For these purposes, a criminal risk score card was approved. The system aims to detect and reduce the risk of cascading criminal liability within the consolidated Group. This new criminal risk was included in the criminal and anti-bribery risk and control matrix on 29 July 2020, which was reviewed by an external consultant, concluding that: *'As a result of this work carried out on the company's Criminal Compliance and Anti-Bribery Management System, we can conclude that the net/residual risk to which the parent company of the group ACS, S.A. is exposed is reduced, as the detailed mitigation measures have been implemented.'*

3. In addition to the above, in May, June and July 2020, the Compliance Committee made the following improvements to the Criminal Compliance and Anti-Bribery Management System, assisted by two specialised teams from an external consultant:

- Revision of the criminal control and anti-bribery framework in the area of information security (financial, non-financial and corporate) and cybersecurity in the parent company of the ACS Group. Designing and activation of new cybersecurity controls associated with the criminal risks previously identified in the Risk and Criminal Controls and anti-bribery Matrix. Approval of an Information Security Policy for the ACS Group as a whole, which must be developed at the regulatory level in all of the divisions of the Group.

- Incorporation of the improvements to the controls relating to the monitoring of electronic signature certificates into the Criminal Compliance and anti-bribery Management System: All of the electronic signature certificates installed on the ACS Group's main company devices are monitored and supervised by a specific tool; all incidents are reported to the information security team for analysis and resolution.

Over the course of 2020, the ACS Group companies made progress in designing and implementing compliance and anti-bribery management systems in the different jurisdictions in which they are present, complying with the standards and policies set by the Group's parent company, focusing their efforts on developing new processes and procedures for the development and implementation of those standards and Policies and on verifying the effectiveness of the criminal compliance and anti-bribery management systems through annual internal and external audit processes, which resulted in significant progress in the certification under international standard on anti-bribery management systems UNE-ISO 37001: 2017 and the Spanish standard UNE 19601:2017 on criminal compliance management systems.

In this sense, significant progress made by the Group's different divisions in the United States and Canada in 2020.

Furthermore, in 2020, the ACS Group did not make financial contributions to political parties and the value of the contributions made to trade, business and other associations was as follows:

	2019	**2020**
Value of financial and in-kind contributions made by the organization to associations (trade associations, business associations, etc.)(1)(€)	1,447,343	1,510,814

(1) Includes contributions made by ACS, Actividades de Construcción y Servicios

5.4.4. HUMAN RIGHTS

In compliance with the principles of the Global Compact, the ACS Group remains committed to respecting human rights in all of its operations and activities. The business commitment to Human Rights is a key aspect for the Group, based on the ethical principles and corporate culture that guide the development of its activities and the achievement of its purposes.

The main commitments in this area are included in **ACS Group Code of Conduct, the Sustainability Policy and the Human Rights Policy, in turn, developed through the Positioning framework of the ACS Group on Human Rights, the Corporate Protocol on Due Diligence in regard to Human Rights, the Corporate Guidelines for the Protection of Human Rights and the Human Rights Risk Analysis based on infringement potential**. In the Human Rights Policy, approved in 2016, the ACS Group specifically states, through its Human Rights Policy, its responsibility to respect human rights in all of the activities carried out by the Group. This policy is aligned with International Bill of Human Rights and the eight fundamental conventions of the International Labour Organisation.

As of 30 September 2020, the total risks of human rights infringements by the different entities belonging to the ACS Group had been assessed through a Human Rights Risk Score Card, which measures the implementation status of the Corporate Protocol on Due Diligence in regard to Human Rights approved in 2019. As a result of the human rights management model, it is important to note that in 2020, there were no complaints from ACS Group companies about human rights violations.

Human Rights Policy

Corporate Protocol on Due Diligence in regard to Human Rights

5.4.5. INFORMATION SECURITY

On August 14, 2020, the Board of Directors of the parent company of the ACS Group approved the **Information Security Policy**, applicable in all of its subsidiaries, which for the first time lays out the general principles and obligations regarding security of financial, non-financial and corporate information. The Policy aims to adopt a series of measures aimed at preserving the confidentiality, integrity and availability of information, and aims to establish the requirements to protect information, equipment and technological services that support most of the ACS Group's business processes. This policy provides minimum requirements that must be met by all the Group's divisions and subsidiaries, notwithstanding more restrictive policies that may be implemented to complement it.

The Information Security Policy responds to the recommendations of the best information security practices included in International Standard ISO/IEC 27001, and also complies with existing data protection legislation and regulations that may affect the ACS Group in the area of information security. The Audit Committee and the ACS Group's Compliance Committee are responsible for monitoring compliance with the Information Security Policy and supervising the implementation of the security strategy.

Likewise, in 2020, and in collaboration with an external consultant, the ACS Group developed its own corporate information security strategy. This Strategy defines the guidelines and principles for information security at the corporate level and is applicable to other Group companies. The development of the information security strategy was based on an ACS security assessment aimed at determining its degree of maturity to safeguard the confidentiality of the organisation's information and provides a roadmap for the actions to be carried out in the coming years.

Information Security Policy

5.4.6. COMPETITION POLICY AND COMPLIANCE PROTOCOL AND REVIEW OF THE COMPLIANCE PROGRAMME FROM THE POINT OF VIEW OF COMPETITION.

In compliance with Directive 2019/1937 ('Whistleblowing' Directive) and with the recommendations published by the National Markets and Competition Commission ('CNMC') in its Guidelines for Compliance Programmes in regard to Competition, of 10 June 2020 ('CNMC Guidelines'), the Board of Directors of the parent company of the Group approved the Competition Compliance Policy and Protocol on 14 August 2020

The Policy constitutes the backbone and common framework for compliance with competition regulations by all Group companies, identifying the consequences of failure to comply with competition law for the ACS Group and its executives and employees, and it regulates, in practice, how the obliged parties must act to avoid incurring the risks inherent to competition law, with a special emphasis on public contracting. Compliance with the Policy will be supervised by the ACS Compliance Committee and will remain a specific objective of the Group's training programmes.

Competition policy
and compliance protocol

5.4.7. CONTROL AND MONITORING MEASURES

Established communication and complaints channels

To ensure maximum flexibility and enhance the effectiveness of the Compliance Committee, complaints or queries from subjects affected by breaches of the ACS Group Code of Conduct or any of the organisation's compliance policies may be sent through the different available channels, from simple reporting to a superior to verbal or written notification (by mail, for example) addressed to any of the members of the Compliance Committee, as well as through the Ethics Channel, managed by the Monitoring Committee of the Code of Conduct, the advisory and governing body, under the Audit Committee. The following address can be used to contact the ACS Compliance Committee:

Compliance Committee
ACS Group
Avda. Pío XII 102, 28036 Madrid, España.
+34 913439200
cumplimiento@grupoacs.com

The ACS Ethics Channel can be contacted at the following address:

Ethics Channel
ACS Group
Avda. Pío XII 102, 28036 Madrid, España.
canaletico@grupoacs.com

Notwithstanding the existence of different channels for communicating queries or complaints relating to compliance risks, any complaint received by the Compliance Committee, which translates into the existence of signs of actions that may infringe upon the basic principles of the ACS Group Code of Conduct, must be sent to the Code of Conduct Monitoring Committee, so that the Committee can assess whether to open an investigation dossier.

Queries and complaints received in 2020

In 2020, no consultations or complaints were received through the Ethics Channel of the parent company of the ACS Group. The list of queries and complaints received via the Ethics Channel of Industrial Services, the Clece Group, the Dragados Group and the Iridium Group is as follows:

- **Dragados Group:** 23 communications were received, through its differnt ethics channels, from different users (38 total communications), 15 submitted digitally, 3 by telephone and 5 through the website. The locations of origin of these communications were: 4 from Spain, 7 from the United States, 8 from Argentina, 3 from Poland and 1 from Canada, with 9 from employees, 4 from former employees and the rest miscellaneous. The motives behind the communications received were: 4 for alleged cases of harassment and discrimination, 3 for reasons related to safety and health, 14 for irregular conduct and 2 for labour relations. Five of the communications were resolved in less than 15 days, one between 15 and 30 days, eight between 30 and 60 days, 6 in more than 60 days and 3 are still under investigation. Of the 23 communications received: nine communications were closed after investigation, one was closed with recommendations, five were not admitted or could not be verified, two were resolved with improved controls, two with sanctions for employees and four are ongoing.

- **Iridium:** through its Ethics Channel, received 5 communications in Spain and 1 in the United States, all digitally, regarding questions about the internal policies which were answered in less than 20 days.

- **Clece:** received 70 communications through its Ethics Channel, all from Spain and by email. Of these, 13 were related to harassment, 20 to quality of service, 23 to labour relations, 9 to irregular conduct and 5 were inquiries. 52 of the communications received were resolved in an average period of less than 15 days, and the rest in less than 65 days with the exception of 2 that are still ongoing.

- **ACS Industrial:** received 73 communications from different users (100 total communications) through its Ethics Channels, 8 by voice mailbox, 2 by ordinary mail and the 64 others by email. The breakdown by country of origin is as follows: 15 from Brazil, 11 from Chile, 5 from Colombia, 15 from Spain, 15 from Mexico, 7 from Peru, 3 from South Africa and the rest from other countries (mostly Latin America). Of these notifications, 11 were related to alleged cases of harassment at work, 8 to conduct deemed inappropriate, 11 to breaches of the Code of Conduct, 14 to payments, 10 to labour complaints and the rest for other reasons. Of these 73 communications, in 20 cases, it was concluded that there was no evidence of non-compliance, in 9, internal communications were sent, in 11, controls and procedures were reviewed, in 3, training actions were carried out, in 6 of these, the employees involved were reprimanded or dismissed, 10 are ongoing and the remaining 14 were concluded in other ways. Of these communications, a tax case of the company Intecsa, pending resolution, is in the formal investigation process. Of the 73 communications, thirty-six were resolved in 30 days or less, twenty-seven in between 60 and 120 days and the remaining ten are ongoing.

Improvement of the management model of the Consultation and Complaint Channels in the ACS Group. Objectives for 2021

The Compliance Committee is working to adapt the Ethics Channel of the parent of the ACS Group and the Ethics Channels managed by the various divisions of the Group to the principles of Directive (EU) 2019/1937 on protection of whistle-blowers and the imminent international certification standard, ISO 37002 on whistle-blowing management systems.

As part of this regulatory framework, the Compliance Committee defined the following objectives for 2021 in relation to the processes and procedures of the complaints and consultation channels of the Group and the publicly-traded parent company:

1.- Ensure the effectiveness of information channels and processes.

2.- Inform the organisation of the hierarchy of information channels and train employees and executives.

3.- Understand who will be protected within the framework of the Directive in the case of complaints.

4.- Make the organisation aware of the broad scope of application of the Directive.

5.- Promote measures to support and protect the whistle-blower.

6.- Implement processes to comply with reporting obligations.

The complaint and consultation channels must serve a threefold objective: to report, consult and form part of the chain of authorisations of certain business procedures.

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5.4.8. TRAINING

	2019	2020
Scope of the training plans regarding the company's human rights, ethics, integrity, conduct or compliance procedures (% of employees)	100.0%	100.0%
Number of courses given with content on Human Rights, Ethics, Integrity, Conduct or other compliance policies and procedures	1,255	840
Number of employees trained in Human Rights, Ethics, Integrity, Conduct in the year or other compliance policies and procedures	67,260	58,892
Training hours per trained employee	2.0	2.2

In 2020, under the aegis of the Compliance Committee of the Group's parent company, training of members who are particularly exposed to the different types of risk within the organisation and each one of its divisions focused on the areas of criminal and anti-bribery risks and the Protocol on Internal and External Due Diligence, Defence of Competition and Cybersecurity.

All of the members of ACS Corporation were able to attend live, either in-person or via streaming, all of the modules included in the Training Matrix. The members of the organisation who were unable to follow any of these Modules live, viewed the sessions at a later time, accessing all the training materials via a specific website.

The training sessions for the ACS Board and the governing bodies of the subsidiaries focused significantly on anti-corruption issues, and are scheduled to be expanded in 2021 to the Compliance and Governance area.

As of the date of this report, the Group's parent company is involved in the process of training the financial departments and collaborating teams, in all of the divisions of the ACS group, on finance and sustainability, developing training modules on the new standards to be included in the new ACS Group Code of Conduct:

- UN SDGs, including the Principles of Responsible Investment (PRI) and Agenda 2030, the Paris Agreement, the WEF's global risk approach, the EU Green Deal and the integration of sustainability, environmental and social dimensions into public policies.

- Guidelines of the EU's Sustainable Finance Plan, the European Directive for Sustainable Corporate Governance, as well as the possible new non-financial information directive that will be transferred to the jurisdiction of each country, and that in Spain will update Law 11/2018.

5.4.9. RISK MANAGEMENT FOR COMPLIANCE ISSUES

In the context of the June 2020 review of the Good Governance Code of Listed Companies, and in view of the amendment of recommendation 45 in regard to risk management and internal control systems, the ACS Group has approved the updating of the General Risk Control and Management Policy, which includes the Integrated Risk Control and Management System with the General Risk Map serving as an essential tool.

The General Risk Control and Management Policy, as a framework rule, affects all areas of the ACS Group, including all issues relating to compliance. The Integrated Risk Control and Management System covers all types of risks that could jeopardise the achievement of the objectives of the Organisation and the ACS Group companies.

STRATEGIC	ENVIRONMENTAL
OPERATING	POLITICAL
TECHNOLOGICAL	REPUTATION
LEGAL, CRIMINAL AND ANTI-BRIBERY	CORRUPTION-RELATED
SOCIAL	FINANCIAL

Specifically, both the Policy and the System identify all of the categories of financial and non-financial risks that the Group faces (including contingent liabilities and other off-balance-sheet risks):

The General Risk Control and Management Policy, approved on 29 July 2016 and updated by the Board of Directors of the Group's parent company, on 17 December 2020, is the regulatory framework that the Group provides for the integrated control and management of the risks to which it is exposed, based on the following principles:

- Integration of the approach to risk into the management of the Organisation through the definition of the risk strategy and risk level.
- Achievement of the strategic objectives established by the group with controlled volatility.
- Preservation of strict separation of functions between the areas that manage risk and the areas responsible for risk analysis, control and supervision, providing an adequate level of independence.
- Transparently providing information to the regulators and principal stakeholders on the risks of the Group and its operating units, as well as on the operation of the systems developed to control the information.
- Providing the highest possible level of guarantees to shareholders.
- Protecting the results and the reputation of the Group.
- Defending the interests of shareholders, clients and other stakeholder groups in the progress of the Company and society in general.
- Ensuring business stability and financial strength in a sustained manner over time.
- Ensuring the use of appropriate instruments to mitigate the impact of risks in accordance with the requirements of applicable legislation.
- Compliance with the applicable legal and regulatory requirements, as well as the values and standards of conduct reflected in the Code of Conduct and the principles and best practices of the Group, aimed at the principle of 'zero tolerance' towards unlawful acts and fraud.

The Group's different risk control and management policies are structured around processing and reporting financial, non-financial and corporate economic information, including regulatory compliance, social issues, human rights, the environment, sustainability, diversity, anti-corruption, market abuse, protection of competition, cybersecurity and corporate governance.

The companies and divisions that make up the ACS Group are responsible for developing the necessary internal regulations in order to implement appropriate internal control based on specific nature of their activities.

The Integrated Risk Control and Management System of the ACS Group is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives defined by the Board of Directors. The diversity and complexity of the sectors in which the Group carries out its activities involves a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to unify performance criteria in each of the divisions to guarantee an adequate level of internal control.

The Company's Board of Directors is committed to developing all of its skills so that the relevant corporate risks of all of the Group's activities and businesses are adequately identified, measured, prioritised, managed and controlled, and to define the basic mechanisms and principles to properly control and manage them through the General Risk Control and Management Policy. In particular, it is committed to promoting control and management measures in regard to compliance risks, so that the likelihood and/or impact of the occurrence of irregular conduct is prevented or minimised and, when detected, such practices are halted and the persons responsible are held accountable, ensuring a policy with maximum rigour in this regard.

The ACS Group's General Risk Control and Management Policy is aimed at achieving a moderate risk profile, through prudent management; a group business model dedicated to the different activities with universal vocation; diversified by geographic areas, asset types, portfolios and clients; with a broad international presence, both in emerging and developed countries, maintaining an average/low risk profile in each of them; and seeking sustainable growth over time.

In this regard, the Audit Committee takes into account the above in its function of supervising the efficiency of internal control and internal auditing, in accordance with the criteria of the supervisory bodies, notwithstanding, in any case, the required information for markets through the Annual Consolidated Report, the Non-Financial Statement (NFS) and the Annual Corporate Governance Report.

From the perspective of continuous improvement, on 25 February 2021, the parent company of the ACS Group approved the update of the General Risk Map, which is a fundamental tool of its Integrated Risk Control and Management System.

During the year, the Compliance Committee and the General Corporate Management carried out actions to improve the management and control of the main financial and non-financial risks, reporting to the Audit Committee on compliance with the established response and monitoring plans.

Annual Conslidated Report

Annual Corporate Governance Report

5.5 MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

17 PARTNERSHIPS FOR THE GOALS

[102-40]; [102-42]; [102-43]

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organisation's objectives or that may be affected by its activities. The ACS Group's basic principles in relation to its stakeholders and the environment are based on complying with the Spanish and international legislation in force, and fulfilling the corporate social responsibility commitments voluntarily subscribed to by the ACS Group.

The figure below indicates the main stakeholders with which the the ACS Group has relationships:

Likewise, in order to know and respond to the expectations of the stakeholders, and for the ultimate purpose of establishing relationships of trust with them, each one of the Group companies makes different channels of communication available to them.

These channels promote transparency, participation and active listening of all stakeholders. Responsible communication practices to prevent the manipulation of information and safeguard integrity and honour. For this reason, the communications are based on criteria of impartiality, clarity, precision, consistency and responsibility, notwithstanding the need for confidentiality in the execution of the activity.

The ACS Group, in order to strengthen its commitment to the stakeholders, therefore makes the following communication channels available:

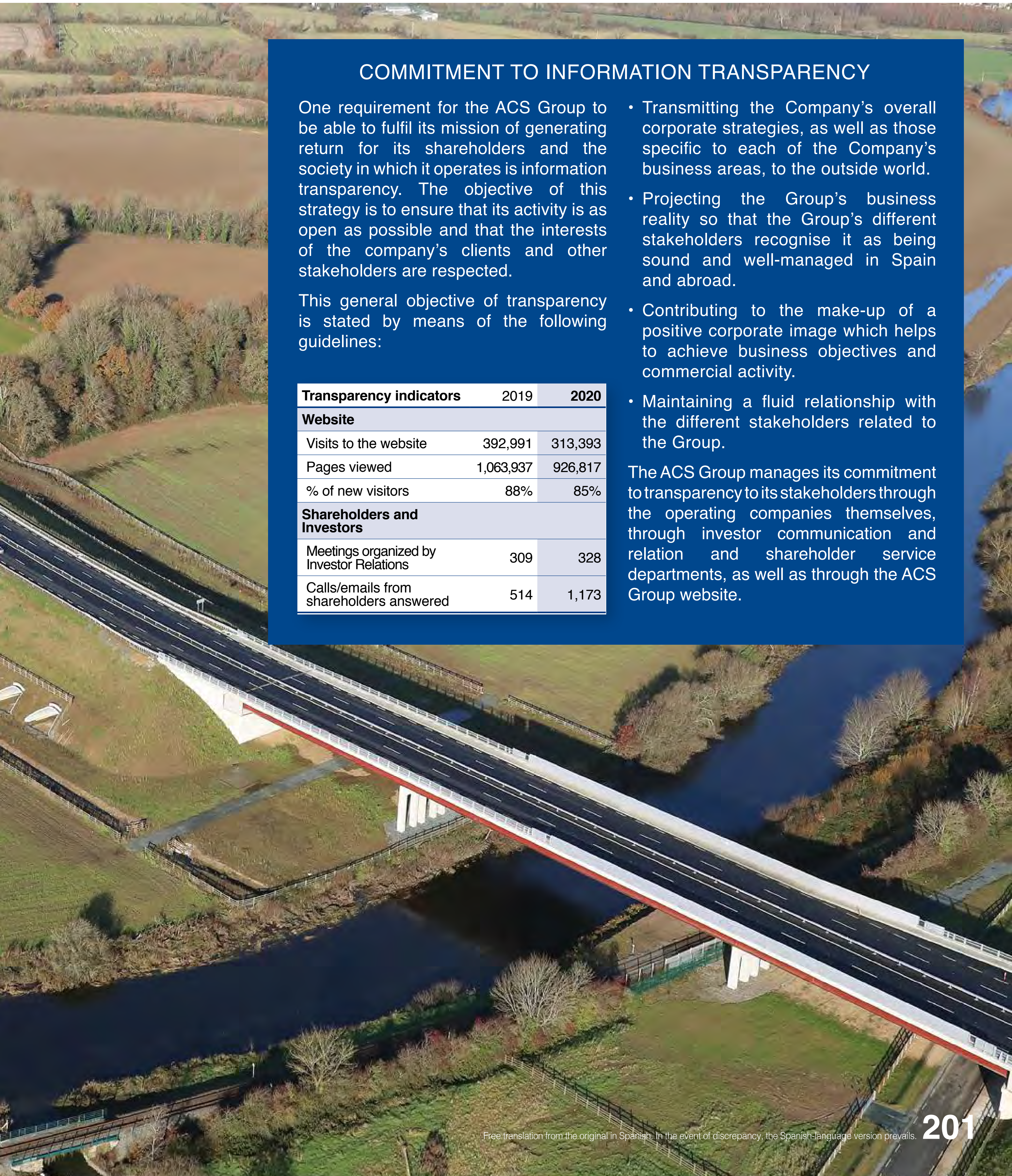
[102-40]; [102-42]; [102-43]

STAKEHOLDERS	COMMUNICATION CHANNEL	MAIN COMMITMENTS OF THE ACS GROUP
CLIENTS Any entity or person that contracts or acquires the services or products marketed by the different ACS Group companies. The commitment to clients is addressed from a clear strategy, as included in the Group's Sustainability Policy.	- Group websites and Public reports. - Ethics Channel. - Corporate mailboxes. - Channels for submitting complaints/claims. - Satisfaction surveys. - Social networks. - Dossiers and press releases. - Meetings with clients. - Trade fairs and forums. - Publication of relevant facts.	-- Effective resolution of problems and incidents. - Ensuring the best technical and economic solutions. - Building stable, honest and trusted relationships. - Anticipating and tracking client needs. - Periodic measurement of satisfaction. - Ensure protection and confidentiality of information.
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS Natural persons, legal entities and entities with capital interests or shareholdings in the ACS Group. The Group has a Communication of Contacts and Involvement with Shareholders, Institutional Investors, Asset Managers, Financial Intermediaries and Voting Advisors, and the right to information of shareholders is described in different provisions of the Company's General Shareholders Meeting Articles of Association.	- Group websites and relevant public reports and facts. - Ethics Channel - General Shareholders' Meeting. - Shareholder and investors section on the website, electronic forum and shareholder service office. - Investor Agenda and Investor Day. - Dossiers and press releases.	- Maximising shareholder profitability. - Information transparency. - Promotion of informed participation of shareholders in the ACS Group.
EMPLOYEES Any person who works for any company that forms part of the ACS Group. The ACS Group's General Code of Conduct constitutes a guide for the professional performance of all of the employees and executives of the Group. The group also has a number of policies that apply to employees that are specifically covered in Chapter 5.2 of this report.	- Group websites and Public reports. - Ethics Channel. - Intranet. - Labor climate surveys. - Corporate communications. - Meetings. - Health and Safety Committees	- Promoting integrity, professionalism and respect. - Promoting professional and personal development. - Ensuring equal opportunities, diversity and inclusion. - Promoting a culture and corporate values with which the people in the ACS Group identify. - Ensuring the highest levels of occupational safety and health. - Respect for Human Rights.
SUPPLIERS AND CONTRACTORS Persons or companies that provide their services or products to the ACS Group and form part of its supply chain. The ACS Group's Code of Conduct for Business Partners establishes the principles which all market operators must comply and expressly accept in order to establish commercial relationships with the Group.	- Group websites and Public reports. - Ethics Channel. - Periodic meetings.	- To ensure objective and impartial treatment in the selection of suppliers and contractors. - Responsible and sustainable management of the supply chain. - Compliance with supplier and subcontractor management rules and systems. - Analyse the level of compliance with these systems.
SOCIETY All those individuals, local communities, NGOs, industry associations, media, etc., that form part of the environment in which the ACS Group operates. To demonstrate commitment to the economic and social development of the communities in which it operates, the Group has implemented its Policy for Social Action, which is linked to its business strategy.	- Group websites and Public reports. - Ethics Channel. - Participation in organisations and institutions. - Public relations department and press articles. - Social networks. - Organisation of events, participation in forums, collaboration and volunteering.	- To promote the economic and social development of the countries in which the Group carries out its activities. - To drive forward the business and its sustainability To improve the Company's prestige and reputation
REGULATORY AUTHORITIES[1] All representatives of local, regional and international governmental institutions and public entities with which the ACS Group is in constant communication. The commitments established by the Group in regard to the regulatory authorities and administrations are included in the Group's Sustainability Policy.	- Participation in organisations and institutions. - Participation in forums and events. - Official communication channels of the Administrations	- Continuous cooperation acting always in good faith. - Ensuring integrity and transparency in relationships by encouraging fair competition and the appropriate use of public resources.

[1]The ACS Group made no financial or in kind contributions to political parties in 2020. The subsidies received by the ACS Group in 2020, as shown in the Group's Consolidated Balance Sheet, included in the Economic Financial Report published along with this report, totalled EUR 3.5 million. For more information, see section 5.9 of this report.

Some of the industry associations in which ACS participates are as follows: CNC, AESPLA, SEOPAN, PESI, IEFP, Workplace Inspection, ENCORD, Australian Constructors Association, Safety Institute of Australia, National Safety Council of Australia, Federal Safety Commission Accreditation, Associated General Contractors, Infrastructure Health & Safety Association, among others.

It should be noted that within the framework of the definition of material issues of this report, the ACS Group consulted its stakeholders to identify those areas of the company's management considered to be most significant. The results of the survey are provided in point 7.2. Identification of relevant issues.



COMMITMENT TO INFORMATION TRANSPARENCY

One requirement for the ACS Group to be able to fulfil its mission of generating return for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to ensure that its activity is as open as possible and that the interests of the company's clients and other stakeholders are respected.

This general objective of transparency is stated by means of the following guidelines:

Transparency indicators	2019	**2020**
Website		
Visits to the website	392,991	313,393
Pages viewed	1,063,937	926,817
% of new visitors	88%	85%
Shareholders and Investors		
Meetings organized by Investor Relations	309	328
Calls/emails from shareholders answered	514	1,173

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognise it as being sound and well-managed in Spain and abroad.
- Contributing to the make-up of a positive corporate image which helps to achieve business objectives and commercial activity.
- Maintaining a fluid relationship with the different stakeholders related to the Group.

The ACS Group manages its commitment to transparency to its stakeholders through the operating companies themselves, through investor communication and relation and shareholder service departments, as well as through the ACS Group website.

5.6 GIVING BACK TO SOCIETY

The ACS Group seeks to carry out its activities by creating shared value in the environments in which it operates, acting as an engine for economic and social development.

To maximise value creation, the ACS Group prioritises the use of local resources, favouring the exchange of knowledge, the transfer of technology and growth of an industrial fabric that contributes to economic growth and social well-being. The ACS Group's commitment to society has two facets:

1. Contributing to the development of society through value creation, local development and compliance with the Sustainable Development Goals.

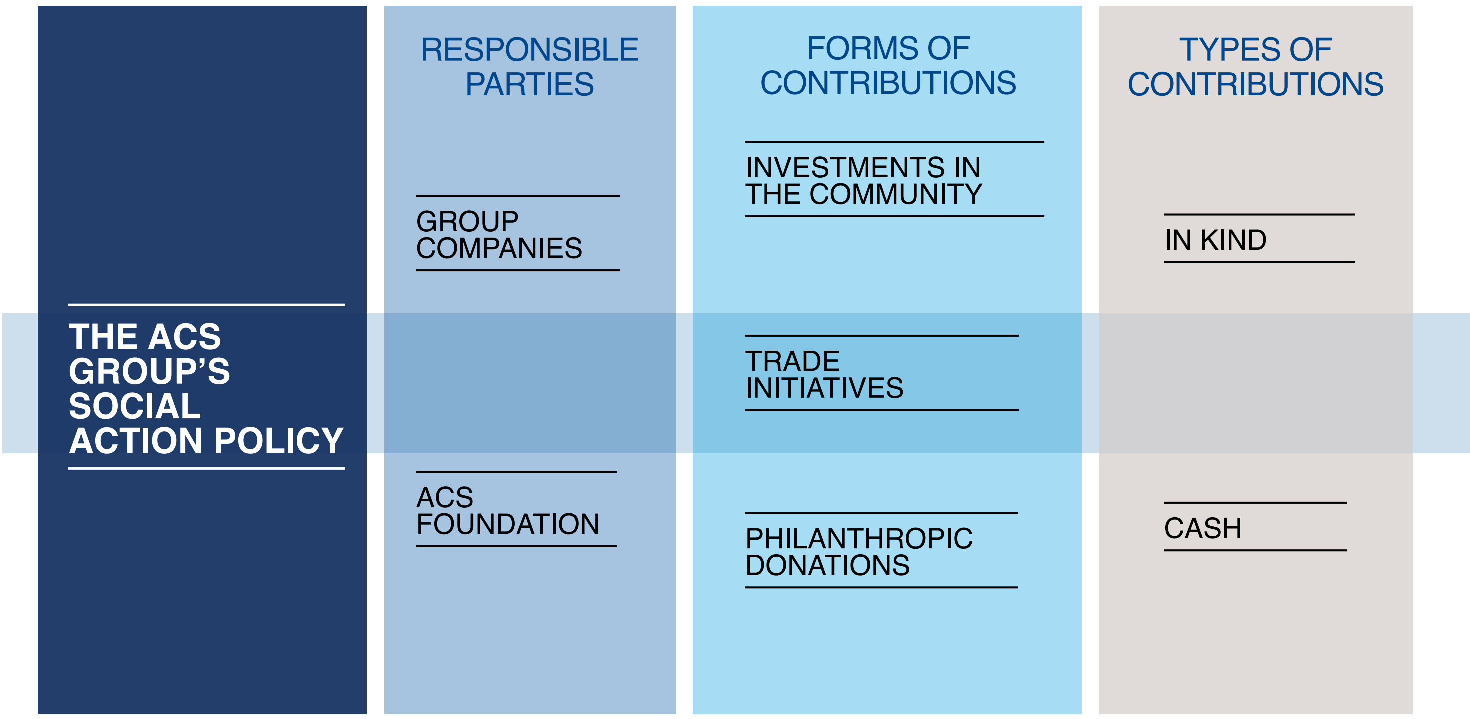
2. Through its corporate action, which is structured according to the Group's business strategy and the SDGs to which the company contributes, both through the Group companies and through the independently-managed Foundation.

To articulate this commitment to society, the Group has implemented a **Policy for Social Action** linked to its business strategy, as this is the optimal medium for generating real shared value for all stakeholders. The main objectives of this policy are:

- To drive forward the business and its sustainability to improve the Company's prestige and reputation.
- Increasing employee and partner satisfaction.
- To help improve the society in which the ACS Group operates.

The Policy for Social Action is governed by an Action Plan, which sets out the procedures for application in its various business areas. It was drawn up in accordance with the guidelines and recommendations of the London Benchmarking Group (LBG), includes the experience accumulated over the years by the ACS Foundation and the companies of the ACS Group.

The policy determines the responsibilities assigned to social action, the action categories and areas that form the framework of the projects, the types of contributions that may be made, the geographical areas of action, the model for monitoring the initiatives and communication of the results obtained:



Policy for Social Action

SCOPES OF ACTION

- Corporate volunteeerism
- Citizen awareness
- Environmental awareness
- Efficiency
- Road safety / Workplace hazards
- Support for NGOs and community organizations

- Elimination of barriers and universal access for disabled people and people with reduced mobility
- Education and defense of the environment
- Rehabilitation of historical heritage monuments
- Scientific and technical research
- Sponsorship of other foundations and institutions
- Support for cultural activities
- Support for sports activities
- Development cooperation

GEOGRAPHICAL AREAS

ALL COUNTRIES WHERE ACS OPERATES

MONITORING

INTERNAL MONITORING, MONITORING COMMITTEE, ACHIEVEMENTS AND IMPACT ASSESSMENT

REPORTING

INTEGRATED REPORT FOR THE ACS GROUP

ACS FOUNDATION ANNUAL REPORT

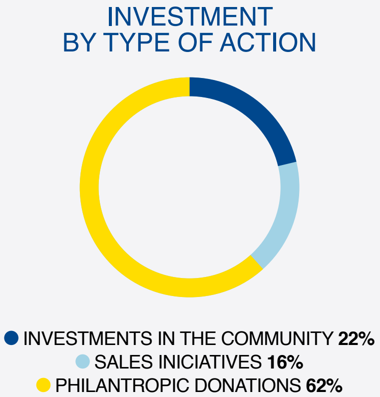
5.6.1. SOCIAL ACTION OF ACS GROUP COMPANIES

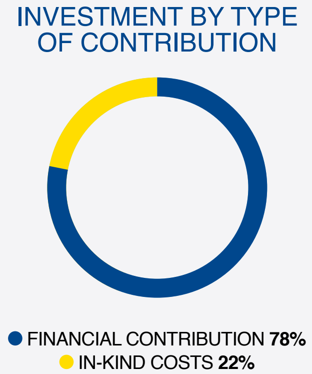
In 2020, ACS Group's commitment to society took on another dimension as a result of the health and social crisis caused by COVID-19. The ACS Group, in addition to collaborating with the provision of its services, showed its solidarity and sensitivity to the global problem caused by the pandemic by rolling out countless initiatives aimed at the most vulnerable groups during this pandemic in those countries in which the Group operates. One of the notable initiatives in 2020 was the contribution of EUR 3.5 million by ACS, together with the Telefónica Foundation, to purchase personal protective equipment for health personnel at one of the most critical moments of the pandemic when these resources were scarce.

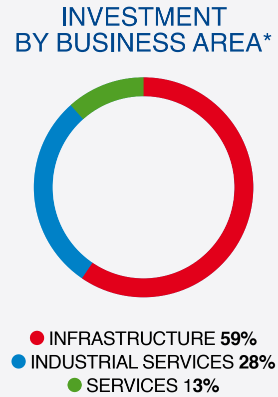
As a result of all the initiatives taken, significant growth was observed in the number of benefits and contributions in kind made by the Group.

Main Indicators of Social Action of Group Companies	2019	**2020**
Cash Funds for Social Action (million euro)	6.4	9.7
Monetary estimate of in-kind contributions to Social Action (million euro)(1)	1.7	4.2
Estimate of the number of people benefiting from social action	137,878	968,641
Number of courses or citizen awareness-raising activities conducted (Road safety, environment, efficiency, social integration, etc.)	179	183
Number of volunteers (employees) who have participated in these awareness-raising activities	2,219	1,275
Number of foundations or NGOs that received aid/support during the year	545	508
Number of events (conferences, exhibitions, sporting events, etc.) sponsored during the year.	108	47
Time employees spent this year volunteering during working hours (h)	11,501	11,653

(1) Includes administrative costs in 2019 and 2020 of EUR 1.2 and EUR 1.4 million, respectively.







* The 1.4 million for administrative expenses are excluded; included by business area, the distribution would be as follows: 55% Infrastructure; 25% Industrial Services and 20% Services. This figure also does not include the donation of 3.5 million for COVID-19 protective equipment made by the Corporation.

Each company of the Group has the power to choose the social action activities with which it is most identified and in which it wishes to participate, provided that they are linked to the experience acquired in its business and contribute to the objectives of the Group's Policy for Social Action. The company's' employees can later take part in these activities as corporate volunteers.

Social action activities can be carried out either directly by Group companies or through partnerships with other associations to achieve these objectives. In this regard, in 2020, the ACS Group companies collaborated with 508 foundations and/or NGOs

BRIDGES TO PROSPERITY (B2P) DE HOCHTIEF

As part of the sponsorship focus to 'create and maintain habitable spaces', HOCHTIEF supports projects executed by the NGO Bridges to Prosperity (B2P). This collaboration revolves around the construction of pedestrian bridges in remote regions. The bridges provide local residents with a safe way to access education, healthcare facilities and markets, particularly during the rainy season, when rivers often increase in flow so dramatically that crossing them poses a serious danger. HOCHTIEF and its Group companies have been working with B2P since 2010.

In regard to B2P projects, HOCHTIEF is involved in regions in which it is not actively working.

By helping to improve people's connections with other areas, it enables them to participate in economic development both nationally and locally. Better access to educational institutions is particularly important to increase the potential for economic success and it translates into better prospects for young people. According to B2P's estimates, the pedestrian bridges built by HOCHTIEF have helped 59% more women to find work, increased agricultural productivity by 75%, and increased household income in areas that obtain regular access to commercial areas by an average of 30%. The projects benefit not only the local communities, but also the employees of HOCHTIEF, CIMIC and ACS who participate: the teams that travel to the region to build the bridges along with the locals. This creates a network within the Group team and strengthens loyalty to the company.

To ensure that the bridges are maintained in the long term, local helpers are hired in each region. Their assistance and the training that they receive provide them with the proper knowledge to maintain and repair the bridges later. The B2P project generates multiple benefits, such as the fact that subcontractors and suppliers are generally local teams, who benefit from a fair salary. And, last but not least, employees also engage socially in communities, for example, by visiting schools and sharing sports activities. This makes it possible to contribute to long-term growth and knowledge transfer.

However, due to the COVID-19 pandemic, direct employee participation was not possible. HOCHTIEF instead maintained its commitment and financed the construction of the Mugunga bridge, 115 meters long, in Rwanda, which aims to facilitate and make the everyday life of some 4,000 people safer. The bridge will cross a river that poses a serious danger for the local population during the rainy season.

The Mugunga Bridge is the 27th pedestrian bridge built with the help of the HOCHTIEF Group. The construction planned for 2020 was delayed due to the pandemic and is now expected to be completed in the first half of 2021.

CORAZÓN Y MANOS (HEART AND HANDS) PROJECT (CLECE)

Corazón y Manos is a non-profit association that was created out of the social commitment of a group of workers in Clece. Its main objective is to put into practice the social commitment of its partners and contribute to improving the quality of life of people and their social development, paying special attention to the most disadvantaged groups in society.

Its activities include providing assistance to the personal cases emerge in the 'Clece community,' employees, family members of employees and users of the services managed by the company. In addition to carrying out activities and collaborations with other entities, a series of personal assistance actions were carried out in 2020 to help closely-associated people in all types of situations. Some of the actions carried out included the management of assistance to transport and house a family for the critical operation of one of the daughters, or specific aid in the confinement for workers sick with COVID-19.

One special case was the help provided by the Association to achieve the family reunification of a Clece worker. The action began in 2019 and after many long months during which it worked to resolve all the bureaucratic procedures and prepare fully-outfitted housing, the association paid for the airline tickets so that the worker could reunify his family.

Also, during the toughest months of the lockdown, the staff of the southern branch of Clece decided to organise a **food drive** to be distributed among the people that the pandemic had left vulnerable. This campaign was led by Corazón y Manos and was very successful in collecting more than 60 tonnes of food that was donated to NGOs and local governments for distribution.

The success of this food drive was due to the generosity of Clece's workers and the efforts of more than 130 employees to resolve the enormous logistical difficulties that this action entailed during the lockdown.

POR UNA SONRISA (FOR A SMILE) (MASA)

MASA's 'for a smile' project aims to decorate the children's day hospital at the La Línea de la Concepción hospital (Cádiz), to make it more comfortable for children suffering from cancer who are admitted there. In addition, it will be in charge of the expansion of the oncology day hospital at the Punta Europa hospital in Algeciras, where there will be a space adapted for adolescents and young people.

INTERNATIONAL DAY OF NON-VIOLENCE AGAINST WOMEN (CLECE)

The sixth edition of the campaign **"A Life without Violence, A Life with Respect"** once again mobilised employees, clients and users of the services provided by Clece. They all joined this initiative to show their support for victims of gender-based violence and send a message forcefully rejecting this problem that continues to be present in today's society.

This year's campaign took into account the special circumstances arising from the pandemic and it was adapted to a digital demonstration on social networks, providing testimonies and uploading photographs under the hashtags #UnaVidaSinViolencia and #PorTiPorMiPorEllas.

The event was commemorated by a sticker designed especially to be displayed on masks.

WEEK OF WOMEN AND GIRLS IN SCIENCE (DRAGADOS OFFSHORE)

The week of women and girls in science is a group mentoring project for pre-teens and adolescents, which seeks to bring the field of engineering and science closer to women. This is done through workshops and talks on the spreading of science and on the role of women in Science and Technology.

These workshops and talks were attended by engineers from different disciplines serve as an example for girls who are still studying compulsory secondary education and/or vocational training courses. The main objective is for young students to understand that Engineering and Science represent another professional option for them and that they are not fields for men only.

According to the latest data from the Women's Institute, women represent only 25.6% of the university students studying Engineering and Architecture, the only two university branches where there is a pronounced minority of women. There is therefore a need for educational projects such as the Week of Women and Girls in Science, a ground-breaking project to promote technological vocation among girls.

5.6.2. SOCIAL ACTION OF THE ACS FOUNDATION

The Foundation's objective is to integrate and manage the effort by the ACS Group in terms of patronage and cultural, institutional, sporting or environmental sponsorships, awards and scholarships, training and research, charity and similar activities, in Spain and internationally, to give it the greatest social visibility.

The Social Action of the Foundation allows a portion of the benefits of the ACS Group to be reinvested in society to help improve the quality of life of citizens in any of its physical, human, training, cultural and environmental aspects. The projects sponsored by the ACS Foundation fall within the general interests of the Foundation, including:

a) Promotion and development of all kinds of cultural and artistic activities, in their broadest acceptance.

b) Promotion and development of programmes and activities relating to science, training, education, teaching, research and the spread of technology, as well as any other activity that serves to improve people's quality of life.

c) Promotion, preservation and restoration of elements of Spain's historic artistic heritage collaborating increase awareness of them.

d) Promotion of activities related to the protection of the environment.

One of the milestones in the year was the implementation, starting on 1 January 2020, of a compliance system to strengthen the mechanisms implemented within the Foundation itself.

The ACS Foundation carries out different programmes that contribute to achieving the Sustainable Development Goals, as shown below, all contributing to SDG 17 of partnerships to achieve objectives:

1. **General interest programmes.** Sponsorship of prestigious foundations and institutions that, despite their very different purposes, can all be classified as of general interest for the company.

2. **Programmes aimed at helping people with disabilities:** Improving the quality of life of people with physical or sensory disabilities, or in situations of dependency, through three sub-programmes, all of which contribute to SDG 10 and specifically to target 10.2 Promoting social, economic and political inclusion, as well as contributing to specific SDGs:

   a. Universal Accessibility:

   10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES

   b. Work and social training and integration:

   8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

   c.. Integration through sport:

   3 GOOD HEALTH AND WELL-BEING

3. **Cultural programmes:** Support for culture through ACS Foundation grants to museums, universities and other institutions whose main objective is the preservation, exhibition and dissemination of Spain's artistic heritage; as well as aid to promote music and theatre in the form of sponsorship of seasons, galas, plays and concerts.

   11 SUSTAINABLE CITIES AND COMMUNITIES

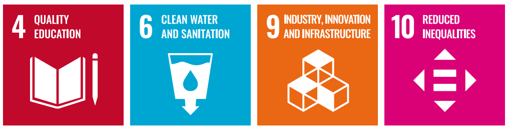
4. **Support programmes,** mainly for medical research, including rare diseases, and healthcare organisations.

   3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

5. **Defence of and support for best practices in regard to the environment.**

   11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION

6. **Collaboration programmes with institutions in the areas of innovation, engineering, science, economics and law.**



7. **Programmes in developing countries.** The financial aid allocated by the ACS Foundation for the development of the countries most in need is included in this programme.

8. **Social collaboration programme.** This programme includes all of the financial donations that the ACS Foundation allocates to solidarity with society's neediest groups and that are not included in the 7 programmes mentioned above.

In 2020, the ACS Foundation spent EUR 5.0 million, equivalent to 95.9% of its budget.

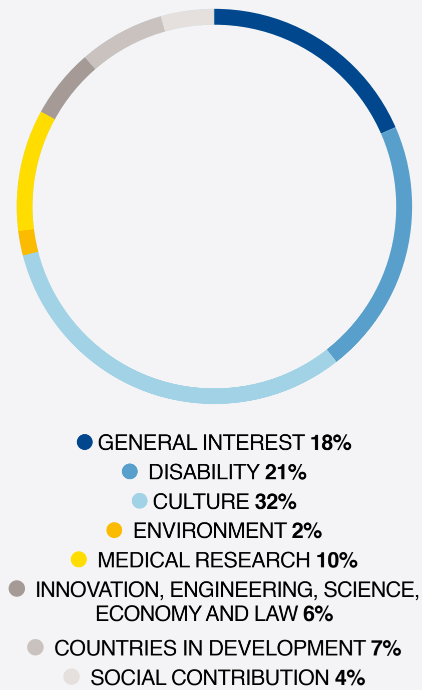
COVID-19 also naturally had an impact on the daily operations of the ACS Foundation and the online channels were strengthened in order to continue attending the meetings, conferences, seminars and courses in which the Foundation participates.

The pandemic also conditioned the execution of the existing Agreements, both general as well as final. In the general agreements, the life of the institutions was altered significantly, which therefore affected the attainment of their foundational purposes. In the case of the final agreements, the specific objectives of the agreements were complicated, and in many cases slowed, even in some cases preventing them from being carried out partially or entirely; specifically, of the 125 beneficiaries of the ACS Foundation from 2020, 56 of them acknowledged that they have had very serious difficulties in satisfactorily complying with the objectives of their agreements and 7 of them, as they themselves admit, have only been able to comply very partially with the purpose envisaged in the Agreement.

The ACS Foundation sponsored 11 specific projects aimed directly at fighting the pandemic, including:

- Solidarity Fund (Caminos Foundation).
- 'No home without food' (FESBAL).
- 'Alimenta Madrid' in Madrid X Madrid (iHelp Foundation).
- 'Response COVID-19 health crisis' (Aldeas Infantiles).
- 'Coronavirus UCM' (Complutense University of Madrid).
- 'Support for students with hearing disabilities in the time of COVID-19' (Dales la Palabra Foundation).
- 'We come out together' (Betesda Foundation).
- 'Contributing to mitigating the consequences of COVID-19 in Peru' (Madre Coraje Association).
- Fund to fight COVID-19 in Africa (AMREF).

BREAKDOWN OF THE BUDGET ALLOCATED BY THE FOUNDATION ACCORDING TO PROJECT CATEGORY (IN €M)



MOZARAB PARISH OF SAN MARCOS, SANTA EULALIA AND SAN TORCUATO (TOLEDO)

The Collaboration Agreement between the Foundation and the Santa Eulalia Parish in Toledo was signed on 4 March 2019, in order to collaborate on the restoration of the aforementioned church, under the direction of the Maintaining Architect of the Cathedral of Toledo, Jaime Castañón and the Cathedral's Restorer, Antonio Sánchez Barriga; both have played a leading role in the restoration of the Chapel of the Cathedral of Toledo, which was so successfully financed by the ACS Foundation in 2018.

The Santa Eulalia church is the only parish in Spain that has maintained the Mozarab or Hispanic service without interruption since its birth there for the seventh century, in other words, before the Muslim invasion. The existing construction, which is the object of the restoration, is a beautiful example of the horseshoe arch style, which brings to mind, despite the distance, of the rooms of the Mosque-Cathedral in Córdoba.

The ACS Foundation's collaboration on this restoration was divided in two years, 2019 and 2020. On 17 December 2020, the ACS Foundation signed an annex to the previous Agreement with this Parish, from 4 March 2019, to support the full completion of the renovation works, which is scheduled for 2021.

5.7 SUPPLIERS AND CONTRACTORS

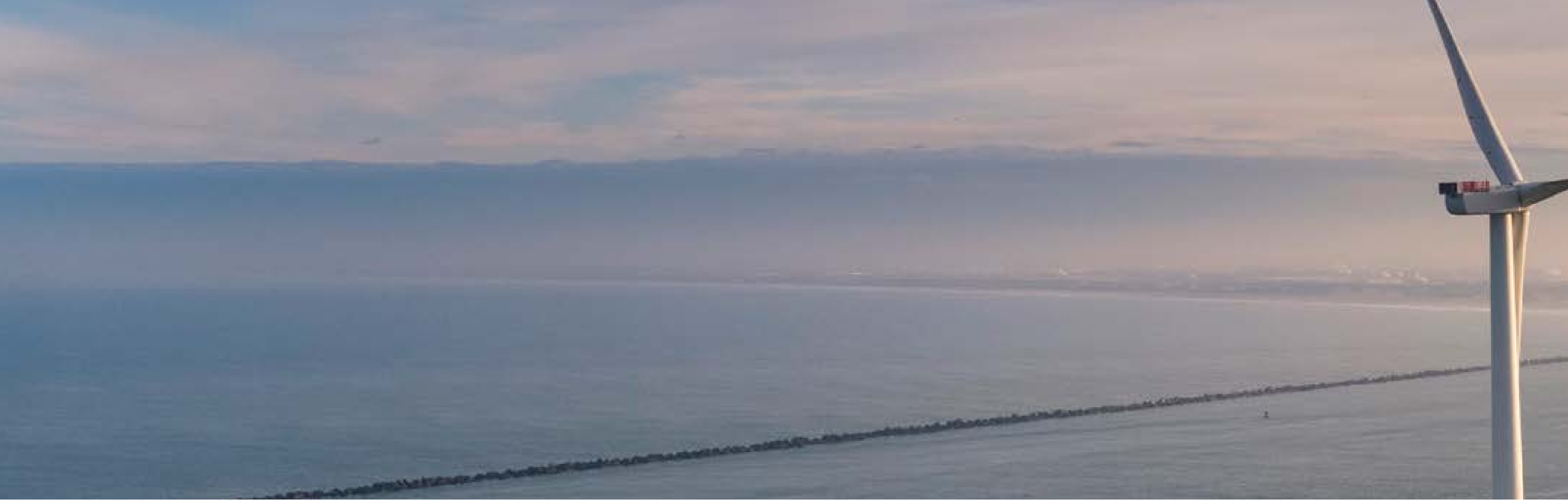
Supply chain management is one of the main material issues for the ACS Group. The Group's commitment to its supply chain is key to ensuring a responsible model, in which the quality of its services and products involves compliance with high standards of action and the promotion of sustainable practices.

The model relationship with suppliers, contractors and business partners established by the ACS Group seeks to ensure a responsible, equitable and ethical process that is adapted to each company's operational needs. The integration of environmental, social and good governance aspects (ESG) into the management of its supply chain forms part of the responsibility of the ACS Group and its commitment to sustainable development.

In 2018, the Board of Directors of the ACS Group approved the **Code of Conduct for Business Partners**, which outlines the basic principles that must govern the relationship between the Business Partners and the ACS Group.

This code of conduct is based on the ethical principles that guide ACS Group's conduct at all times. The Group requires all of its business partners to expressly accept (by signing and commitment to comply) the content included in this Code. Only in cases in which the Business Partners can demonstrate the existence of a Code of Conduct or other internal rules with content similar to the requirements of the ACS Group may explicit signing of this Code be waived (which must ultimately be confirmed by the Organisation). Of the suppliers and contractors with which the ACS Group worked during 2020, 92.8% suppliers accepted by signing or have a procedure similar to the Code of Conduct for Business Partners of the ACS Group, and 28.2% of the suppliers received training.

In ACS Group companies, the procurement departments are responsible for managing the relationship with suppliers and contractors by means of specific systems for managing, classifying, approving and controlling the supplier risks. As a characteristic feature that differentiates the Group from its competitors, it is important to highlight the strong decentralisation of procurement and supplier management departments in this area. This gives Group companies a competitive advantage as a result of the agility, flexibility and independence granted by this model.



5.7.1.THE SUPPLY CHAIN OF THE ACS GROUP

Main figures	2020
No. of suppliers and contractors	131,984
Local suppliers	85.5%
Expenditure with local suppliers	66.3%

The company's diverse activities translate into a very complex supply chain, made up of a large number of business partners. In this regard, the total number of suppliers in the Group's supply chain in 2020 reached the 131,984 suppliers.

The ACS Group is committed to the economic and social progress of the countries in which it operates and it is therefore committed to contracting local suppliers. In 2020, 85.5% of the suppliers with which the group worked were local. This ACS Group's commitment to encourage local development has a positive effect in several different areas:

- The local economy is strengthened while at the same time reducing the costs of the operations.
- The proximity of the suppliers makes it possible to ensure the supply to the different business units worldwide and to shorten the delivery times.
- Reduces the ACS Group's environmental footprint and minimises the impact on the environment.

There are two different types of suppliers in the ACS Group's supply chain management based on the contracting process:

• **Suppliers determined by the client.** In this case, it is the customer who contractually determines the type of supplier, as well as the amount and characteristics of the materials to be used. Despite the fact that in these cases the Group's companies adapt to these requirements, the Group's procurement departments and suppliers have established a control procedure to confirm the efficiency of the designated supplier, which may cause setbacks and promote corrective measures for other work.

• **Suppliers directly contracted by the ACS Group.** For suppliers of services and materials contracted by the ACS Group, whether through a central purchasing department or in a decentralised manner by works managers, detailed management and control processes are defined, which share the following points in common in all Group companies:

- There are specific standards and a system for managing, classifying, proofing and controlling the risk of suppliers and subcontractors.
- Analysis of the level of compliance of these systems.
- Promotion of collaboration with suppliers and transparency in contractual relationships.

There is also a comparative policy favouring the participation of various suppliers in selection processes. In order to objectively take decisions and facilitate access for new suppliers in different parts of the world, a study on customary suppliers has been launched. Visible procurement portals for all services are being developed, offering a wide range of products from different suppliers. This is a real aid to cost saving (because the most competitive prices are identified) and to controlling material consumption by employees or construction managers. In Spain this portal helps local suppliers to sell their products domestically, promoting their development and growth.

5.7.2. SUPPLIER APPROVAL AND MANAGEMENT SYSTEMS

The management model responsible for the supply chain of the ACS Group begins with a process of approval of suppliers and subcontractors in which compliance with the fundamental criteria established by the ACS Group to form part of the Group's supply chain is assessed. Thus, in companies that represent the 98.1% ACS Group's procurement costs present a formal system for the approval of suppliers and subcontractors. The main aspects considered during the approval process are:

- Average payment and collection periods.
- Technical capacity and suitability to perform the planned task.
- History of fulfilment of contractual clauses in their prior relationship with ACS.
- ESG aspects related to compliance with the Code of Conduct for Business Partners.

The weight of ESG factors in the approval process varies according to the companies' activities and action areas, but the weighted average weight of these factors exceeds 38.5% in 2020. Specific aspects assessed include certificates on environmental aspects (ISO14001, EMAS or the like), certification on quality aspects (ISO 9001 and the like), adherence to international human rights and labour rights standards and analysis of the labour standards and practices of suppliers and subcontractors, among others. In 2020, 51.8% the suppliers with which the Group has worked have adhered to ethical, social and environmental commitment standards or have certificates in this area.

For the contracted suppliers, the ACS Group's supplier approval system envisages a subsequent analysis phase, which goes back to the ACS Group's ongoing management and improvement system. This process, which seeks to guarantee compliance with contractual clauses and agreements and includes the identification of economic, environmental and social risks, is based fundamentally on the detection of non-compliance and on corrective or management measures to be applied.

If breaches or risks are detected, the appropriate corrective measures are applied, adapted to the circumstances of each case. When the breaches detected are considered serious, they can immediately terminate the contracts.

5.7.3. ANALYSIS OF CRITICAL SUPPLIERS

The ACS Group's companies carry out an analysis to identify critical suppliers in their supply chains. The Group considers a supplier to be critical when the percentage of procurement or subcontracting expenses are significantly greater than the average for the company's other suppliers.

Therefore, companies that represent 88.9% of the Group's procurement expenses have determined processes to identify critical suppliers. As a result of these processes, the main data from the analysis of critical suppliers is as follows:

- Companies representing 82.7% of suppliers have performed this analysis.
- Of these, 3.8% are considered critical suppliers. These suppliers represent 39.2% of the total costs for Group companies with critical suppliers.
- Almost all these suppliers consider the ACS Group to be a key client to their business.

Given the importance of analysing the supply chain for managing risks for the company, the ACS Group companies identify their direct critical suppliers (tier-1 critical suppliers). In 2020, the ACS Group evaluated the 4,242 tier-1 critical suppliers in terms of sustainability of 4,979 identified tier-1 critical suppliers, representing 85.2% of the total. Of these 4,242 critical tier-1 suppliers assessed, a 0.4% of them at risk in terms of sustainability, and the lack of certificates, breaches or other risks detected is understood as such. Depending on the risks detected the reasons for the negative assessment are analysed and initiatives are proposed to strengthen the identified areas of improvement that include, among other things, training and collaboration activities, or whether it is a serious breach can immediately lead to the termination of contracts or agreements relating to suppliers.

Likewise, the Group companies have begun to extend the scope of this analysis of the Group's supply chain, reaching the critical suppliers of the direct suppliers (tier-2 critical suppliers). The number of these suppliers identified in 2020 reached 14,436 suppliers in this category.

AVERAGE PERIOD OF PAYMENT TO SUPPLIERS

The following table details the information required by additional provision two of Law 31/2014, of 3 December, which was prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the information to be included in the management report in regard to the average payment period to suppliers in commercial operations:

	2019	**2020**
	Days	
Average period of payment to suppliers	62	60
Ratio of payments made	59	57
Ratio of payments pending	69	67
	Thousands of Euro	
Total payments made	3,523,154	2,836,313
Total payments pending	1,555,565	1,555,565

5.7.4. RISK MANAGEMENT ON SUPPLY CHAIN ISSUES

Among the functions attributed to the Audit Committee of the Group's Board of Directors is the review, monitoring and assessment of the Company's Sustainability Policy and its practices, as well as the other related internal regulations, including the Code of Conduct for Business Partners.

The ACS Group companies will carry out these policies, which will be carried out in accordance with the characteristics and needs of each of the Group companies.

Likewise, according to the risk map prepared by the Group, the risks based on the relevance that they may have for the performance of the company's activity have been prioritised, in accordance with the type of activity, action areas, policies and management approaches, and throughout the report, the results obtained from this prioritisation of potential risks for the performance of the activity related to the supply chain as well as the management measures adopted by the ACS Group.

In managing the risk chain, it must be considered that the possible improper practices of the suppliers of a company pose a potential risk that, if it materialises, may hinder their ability to do business. It is necessary to assess counterparty risks, both at the level of personnel, security and health, the environment and ethics, integrity and rights to which it is exposed and to be involved in constantly improving its performance. To do so, the Code of Conduct for Business Partners, which establishes the basic principles of action that the Shareholders must comply with in their relationship with the Group, as well as the management systems expected from them in certain aspects. Likewise, in addition to the own management systems defined by companies in their relationship with suppliers, the specific regulations of the Group on issues such as the Environmental Policy or the Corporate Protocol on Due Diligence in Human Rights, extend not only to the Group's employees but to the entire value chain.

Issue	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable Policies ACS Group
Responsible supply chain	Poor practices by a company's suppliers pose a potential risk that, if it were to materialise, could hinder its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and to constantly improve its performance. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Procurement and subcontracting processes. • Occupational risk prevention, health and safety risks. • External communication with stakeholders • COVID management • Impact on the economic-social environment	The mandatory Code of Conduct for Business Partners establishes, among other basic principles, that: - It is essential that the business partners, regardless of the country in which they carry out their activity, respect the fundamental human and labour rights, recognised internationally - Respect for human health and safety is a primary objective for ACS. Therefore, its business partners must be committed to ensuring a safe and healthy working environment for their members, as well as greater respect for occupational health and safety regulations, complying with the applicable occupational risk regulations.	In 2020, of the 131,984 direct suppliers with which the Group works, 92.8% of suppliers signed on to accept this Code or have a method similar to the ACS Group Code of Conduct. In these formal supplier approval systems, the weight of the factors related to sustainability (environmental, ethical and social criteria) out of the total factors used for the approval varies according to the companies' activities and areas of activity, but the weighted average weight of these factors exceeded 38.5% in 2020.	• Code of Conduct Business Partners. • Risk Control Policy.
Protection of human rights	In compliance with the principles of the Global Compact, the ACS Group remains committed to respecting human rights in all of its operations and activities. The business commitment to Human Rights is a key aspect for the Group, based on the ethical principles and corporate culture that guide the development of its activities and the achievement of its purposes. In this regard, it is necessary to assess the risks of human rights infringement, particularly in the supply chain, since there is no absolute control of the employment practices of external companies that work for ACS. Being involved in a controversy or a breach of human rights could harm ACS's reputation, and could also expose it to the risk of not being able to enter into commercial or employment relationships with clients and other suppliers. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the Group's risk management system in 2020. The main risks associated with this material issue that forms part of the group's risk management system are: • Infringement of human rights. • External communication with stakeholders	The Group has developed different mechanisms to ensure respect for human rights: • The positioning framework of the ACS Group in regard to Human Rights, which addresses in detail the relationships and the main areas of interconnection between the effective performance of the ACS Group's activities and respect for and guarantee of Human Rights. • Human Rights risk analysis due to potential infringement, which makes it possible to establish a global perspective and deepen the understanding of these global risks, in which the ACS Group may be involved. • Corporate Protocol on Due Diligence in regard to Human Rights. This defines the conduct to prevent and arbitrate the specific measures for the prevention of this risk. This facilitates the management and mitigation of effects, and the processing of complaints or claims that may be made by those who have been the object of the aforementioned conduct.	In 2020, 58,892 employees received training in human rights, ethics, integrity, conduct and compliance procedures. ACS carries out assessments of the total risks of human rights infringements by different entities that form part of the ACS Group through a Risk Score Card, which measures the status of implementation of the Corporate Protocol on Due Diligence in regard to Human Rights. Lastly, as a result of the human rights management model, it should be noted that, in 2020, there were no complaints from ACS Group companies in regard to human rights violations	• Code of Conduct for Business Partners • Code of Conduct • Human Rights Policy • Corporate Protocol on Due Diligence in regard to Human Rights • Sustainability Policy

5.8 COMMITMENT OF QUALITY TO THE CUSTOMER(7)

5.8.1. QUALITY IN OUR ACTIVITIES

For the ACS Group, which works in an industry with high technical sophistication, quality represents a fundamental competitive advantage over the competition.

Quality management at the ACS Group is decentralised, whereby each company is responsible for managing quality. Although each company is granted autonomy to manage quality in accordance with its operations, they all follow common lines of action:

- Establishment of objectives and regular assessment of compliance with them.
- Development of actions aimed at improving the quality of the services provided.
- Performance of actions in collaboration with suppliers and subcontractors to improve quality.

I

(7) The ACS Group, given its activity as provider of infrastructure and services for them, works mainly with clients not end consumers.

n order to move forward in this regard, most Group companies have a quality management system. These are periodically audited to verify compliance and conformity with the reference standard, with the most common type of certification among Group companies being the **ISO 9001 certificate.**

The general objectives for improvement include:

- Obtain and expand the scope of the certifications, especially with regard to developing a new technique or expanding activities to a new geographical area.
- Implement tools to improve management.
- Improve specific performance indicators.
- Improve the training of supervisors, operators and works managers.
- Increase customer satisfaction indices, reducing complaints due to problems in execution and incidents.
- Comply with delivery periods, adjusting to quality expectations.
- Increase the number and capacity of internal quality auditors.

MAIN MANAGEMENT INDICATORS - QUALITY

The percentage of production certified according to ISO 9001 has decreased slightly compared to 2019, mainly due to the decline in the Infrastructure division. The increase in activity in the United States explains this decrease, since these types of certificates (ISO 9001) are not the predominant in the quality management systems in this region.

ISO 9001 certified production	2019	**2020**
Infrastructures	44.1%	42.9%
Industrial Services	96.0%	95.8%
Services	98.0%	98.0%
Total ACS Group	**55.0%**	**54.4%**

Other management indicators	2019	**2020**
Number of quality audits	11,986	13,580
Number of quality audits per million euros of turnover (million euros)	0.317	0.415
Investment in measures to promote and improve Quality (mn euros)	2.4	2.8
Intensity of investment in measures to promote and improve Quality (euros investment/ mn euros turnover)	63.2	85.3

5.8.2. CUSTOMER RELATIONS

The nature of the ACS Group's business means that the number of clients to which it relates is very small, with some being large corporations or worldwide public institutions. Due to this, and in a highly competitive market, it is essential to maintain a high degree of trust with clients to establish stable and lasting relationships over time. One of the Group's its priorities is therefore to ensure the highest standards of excellence and quality in the products and services offered.

The strategy of client relations is built on the following main principles:

- Excellence in service and guidance to solve problems.
- Feedback from the relationship with the client, in order to be aware of and meet the expectations of the client.
- Transparency in the information on the ACS Group's capabilities
- Identification of future needs and opportunities for collaboration

FOLLOW-UP AND COMMUNICATION

The ACS Group companies hold regular follow-up meetings with clients, through the managers of each project. In specific projects in which clients devote resources to controlling production, even more continuous contact will be maintained.

In addition, targets, follow-up systems and plans for reporting to the customer are determined for each project. These plans establish control points at the end of important phases in the production, certification meetings for payment in instalments of the construction work and partial follow-up points.

Likewise, the Group continues to progressively implement computerised customer relationship management (CRM) systems to collect information relating to clients, in order to facilitate analysis and the carrying out of actions to improve satisfaction.

SAFETY DURING THE PANDEMIC

The global pandemic caused by COVID-19 has led to a critical public health situation that has had a serious impact on nursing homes. In this regard, Clece, in charge of managing 65 nursing homes in Spain in which more than 3,500 elderly people live, has worked to ensure the safety of all its residents under the slogan of 'Protect our elders.'

Thanks to the strict protocols that Clece imposed in its residences and the speed with which they were implemented (before the state of alarm was declared), the vast majority of the nursing homes remained free from infection in the first wave. The success of this management caused different administrations and residential management entities to request help from Clece in the most difficult moments of the pandemic.

The company made all of its resources available to the residents during the months of lockdown and isolation to allow the closest possible communication with the families. To do so, videoconference systems were installed in all of the nursing homes.

Likewise, when the health authorities authorised the controlled opening of the nursing homes and visits by the family members, Clece took all possible measures to ensure the maximum safety guarantees.

In addition to preparing areas for visits, creating cleaning and disinfection protocols and establishing strict shifts, Clece offered to test visitors free of charge. In 2020, more than 145,000 tests were carried out, including PCR tests, antigen tests, serology and rapid tests.

This safety measure for the elderly who live in the nursing homes managed by Clece had a cost of more than EUR 1,590,000, which was covered in full by the company.

CUTTING-EDGE TECHNOLOGY TO OFFER THE BEST SERVICE IN A SAFE ENVIRONMENT (CLECE)

Prevention as the best formula for stopping the virus, has been one of Clece's slogans during the pandemic. Ensuring maximum hygiene and safety conditions depends to a large extent on the technology available. In this regard, in the area of infrastructure hygienization, Clece has used a hospital cleaning system to ensure reliable preventive disinfection.

In April, the organisation had ozone guns that were used as a system for purifying and improving the air and that, after the state of alarm, became solutions used for disinfecting buildings and rooms. The mechanism consists of the use of guns that generate ozone from the oxygen of the air, providing disinfection of all of the air to which a person is exposed inside a building. Clece prepared a protocol and provided training, preparation and protection teams to all employees using this system.

Another one of the more innovative technologies in disinfection was the Xenex robot. This robot represents the first disinfection technology that uses pulsed ultraviolet light (UVC) capable of destroying up to 99.99% of the current SARS-CoV-2 virus in just two minutes. It provides many advantages, including its speed and cleanliness, and it does not leave chemical residue on surfaces. This makes it sustainable in comparison with other mercury-based technologies, because its waste is inert and harmless for people and the environment. Lastly, accessibility to the disinfected rooms is another important aspect, because it is not necessary to wait to access the disinfected room.

CUSTOMER SATISFACTION

ACS's second key customer relationship management policy is measuring customer satisfaction and establishing plans for making improvements. Therefore, companies representing 89.5% of the Group's turnover have defined a customer satisfaction measurement system, which represents an increase of two percentage points from 2019.

Companies that represent 18.0% of the Group's turnover have established specific channels and processes to enable clients to formalise their complaints and claims (17.1% in 2019). In this respect, it is important to take into account that the company's business is not focused on end clients, but rather on the business with other companies or with the public administration, so these systems are mainly managed using personalised tracking systems. In 2020, 1,307 claims were received, of which, 91.5% were resolved in the report year.

For projects that pose greater technological challenges, the ACS Group also establishes alliances with partners (normally detailed engineering companies), which help to offer end clients the best technical and economic solutions.

Another of the Group's values is confidentiality. ACS Group companies' contracting and customer relationship departments promote responsible use of information, therefore guaranteeing customer confidentiality.

As a result of this good relationship, proximity, transparency and customer satisfaction regarding quality expectations on the services provided, the level or recurrence of ACS Group customers is very high.

MAIN MANAGEMENT INDICATORS – CUSTOMERS (1)	2019	2020
Number of customer satisfaction surveys received	1,177	1,361
Percentage of "satisfied" or "very satisfied" customer responses over total number of surveys RECEIVED (%)	94.6%	94.9%

(1) In 2019 and 2020, coverage of 29.85% and 30.86% of sales, respectively, has been achieved in these indicators.

5.9 TAX INFORMATION

In 2015, the ACS Board of Directors approved the corporate Fiscal Policy, in accordance with which it aims to establish a collaborative relationship with the tax authorities based on mutual trust and transparency. In addition, the Group is committed to not creating artificial corporate structures unrelated to the Company's business activity for the sole purpose of reducing its tax burden or to generate a lack of transparency, and to not carry out operations between related companies aimed at reducing taxable bases and artificially transferring profits to low-tax territories.

All Group companies comply in every country with the applicable tax regulations in relation to transparency and tax information.

In particular, in Spain in 2010, ACS signed the Code of Best Tax Practices promoted by the Spanish tax authorities (Agencia Estatal de la Administración Tributaria) and, in application thereof, voluntarily provides the aforementioned Agency with the Annual Fiscal Transparency Report, with special emphasis on the Group's international composition, including information related to tax havens.

Therefore, the ACS Group's current policy is not to promote the creation of new companies in tax havens or low or no-tax territories (unless necessary for the execution of works or physical facilities in the territories), as well as to commit to the gradual liquidation of the existing companies. In this regard, several entities which are residents of tax havens are in the process of liquidation.

In accordance with tax regulations in the majority of countries, profit is taxed in the country in which it is obtained, that is, based on the nature of the construction activity, in the place where the construction work or facility is executed.

Corporate Tax Policy

Based on this criterion, the table below gives a breakdown, by country, of the taxes paid by the ACS Group for all items, pre-tax profit, and the subsidies received in 2020 (amounts in thousands of euros):

Country	TAXES PAID 2020(1)				Pre-tax profit(2)	Subsidies received
	TOTAL	Profits tax paid	Other taxes paid	Taxes collected		
Spain	**1,357,385**	91,936	530,957	734,491	**666,350**	538
United States	**635,352**	55,959	96,521	482,871	**31,342**	
Australia	**629,832**	6,865 (3)	19,503	427,937	**552,326**	
Germany	**120,063**	4,771	36,130	79,162	**-30,498**	
Indonesia	**94,849**	33,217	15,971	45,661	**-58,024**	
Brazil	**67,586**	41,093	17,068	9,425	**110,981**	
United Kingdom	**52,325**	1,580 (3)	10,173	40,572	**14,627**	
Chile	**45,662**	11	11,450	34,202	**-73,946**	
Mexico	**41,139**	39,018	20,228	-18,107	**43,264**	
Singapore	**36,950**	35,996 (3)	1,104	-150	**37,190**	
Peru	**36,694**	13,109	4,317	19,268	**47,213**	
Poland	**23,510**	336	6,037	17,138	**-24,525**	
Canada	**21,721**	5,725 (3)	3,402	12,593	**158,026**	
Portugal	**19,855**	366 (3)	8,847	10,642	**13,686**	
New Zealand	**19,511**	316	1,263	17,932	**-76,442**	
Argentina	**14,083**	1,877	5,781	6,426	**-954**	
Mongolia	**12,357**	12,054	1,374	-1,071	**-13,442**	
Israel	**10,533**	-307	1,640	9,200	**747**	
Czech Republic	**9,440**	94	5,474	3,871	**1,753**	
Luxembourg	**8,946**	3,991	1,019	3,936	**40,042**	
Netherlands	**8,551**	10	143	8,397	**72**	
Colombia	**8,440**	42	3,388	5,011	**-23,411**	
France	**8,389**	248	6,686	1,455	**4,747**	
Panama	**7,810**	464	4,129	3,218	**5,159**	
India	**7,303**	449	1,840	5,014	**-6,189**	
Italy	**5,919**	0	2,061	3,858	**476**	
Japan	**5,702**	1	549	5,152	**-5,093**	
Botswana	**5,683**	2,330	884	2,480	**27,705**	
Hong Kong	**5,502**	4,935	360	206	**-13,192**	
Ecuador	**5,477**	1,191	1,404	2,882	**7,656**	
Others (*)	**36,073**	4,067	86,185	-54,189	**-69,748**	
Unattributable consolidation adjustments(4)					**-292,112**	
TOTAL	**3,362,640**	**361,742** (5)	**1,081,415**	**1,919,483**	**1,075,788**	**538**

(*) Countries less than EUR 5 million of taxes paid.

(1) The OECD methodology includes Social Security contributions as taxes paid.

(2) This corresponds to the pre-tax profit according to the Consolidated Statement of Earnings, not including the results by method of participation (which are presented, in accordance with accounting regulations, already net of taxes, since, as they are not companies controlled by the group, more information is unavailable) and without excluding the adjustment to minority interest.

(3) The low taxes paid in these countries is due to the effect of the return of overpaid taxes in previous years, as well as to the offsetting tax credits for losses from previous years.

(4) Items that cannot be objectively attributed to specific countries (mainly amortisation of PPA Purchase Price Allocation- of acquisitions) are included, with no impact on the payment of taxes in any of them.

(5) Significant deviations with regard to each country's nominal tax rates are due to the fact that the tax rules themselves create differences between the tax in terms of payment and the tax in terms of accrual, differences that are offset in the long term.

The figures for 2019 in regard to pre-tax earnings, profit taxes paid and subsidies received are as follows:

Country	TAXES PAID 2019(1)				Pre-tax profit(6)	Subsidies received
	TOTAL	Profits tax paid	Other taxes paid	Taxes collected		
Australia	**1,030,575**	117,455	215,423	697,697	**-1,165,702**	
Spain	**947,216**	-154,410 (2)	412,460	689,166	**546,727**	**909**
United States	**572,290**	49,474	109,278	413,538	**65,504**	
Germany	**222,848**	3,533	46,861	172,454	**-74,849**	
Mexico	**102,618**	27,842	1,834	72,942	**49,638**	
Indonesia	**97,902**	73,399	5,950	18,553	**252,258**	
Peru	**72,738**	23,141	5,859	43,738	**58,092**	
Brazil	**68,863**	22,475	39,582	6,807	**157,964**	
United Kingdom	**53,366**	-2,420 (2)	12,803	42,982	**16,738**	
Canada	**46,873**	-2,242 (2)	8,709	40,407	**90,282**	
Chile	**35,364**	2,509	5,579	27,275	**-21,959**	
Portugal	**24,161**	3,145	9,690	11,326	**10,382**	
Singapore	**21,640**	18,100	2,932	608	**-24,528**	
Argentina	**18,044**	596	7,437	10,010	**7,917**	
India	**12,287**	1,103	1,208	9,976	**6,205**	
New Zealand	**11,115**	13	2,456	8,645	**30,286**	
Philippines	**10,848**	2,024	1,345	7,478	**10,134**	
Hong Kong	**9,016**	8,376	411	229	**95,268**	
Mongolia	**8,033**	3,811	1,806	2,417	**25,609**	
Botswana	**7,853**	2,321	185	5,347	**34,246**	
Panama	**6,521**	661	2,964	2,896	**10,118**	
Saudi Arabia	**6,027**	1,093	794	4,140	**28,693**	
Luxembourg	**2,239**	23	389	1,827	**33,354**	
Others (*) (3)	**123,039**	6,141	89,396	27,502	**-111,020**	
Unattributable consolidation adjustments(4)					**-57,616**	
TOTAL	**3,511,477**	**208,166** (5)	**985,351**	**2,317,960**	**73,741**	**909**

(*) Countries less than EUR 5 million of taxes paid

(1) The OECD methodology includes Social Security contributions as taxes paid.

(2) The low taxes paid in these countries is due to the effect of the return of overpaid taxes in previous years, as well as to the application of tax credits for losses from previous years. Specifically, in the case of Spain, the excess tax returned totalled EUR 229.62 thousand.

(3) This includes losses in countries considered to be tax havens under Spanish law, or 'non-cooperating countries and territories for tax purposes' under EU law, for a total of EUR 37.291 thousand, and in which a tax payment of EUR 217 thousand was made.

(4) Items that cannot be objectively attributed to specific countries (mainly amortisation of PPA Purchase Price Allocation- of acquisitions) are included, with no impact on the payment of taxes in any of them.

(5) Significant deviations with regard to each country's nominal tax rates are due to the fact that the tax rules themselves create differences between the tax in terms of payment and the tax in terms of accrual, differences that are offset in the long term.

(6) This corresponds to the pre-tax profit according to the Consolidated Statement of Earnings, not including the results by method of participation (which are presented, in accordance with accounting regulations, already net of taxes, since, as they are not companies controlled by the group, more information is unavailable) and without excluding the adjustment to minority interest.

5.10 INNOVATION

In an increasingly competitive and demanding context, the ACS Group is aware of the importance of anticipating future trends and demands in pursuing global leadership. The Group therefore promotes innovation and research aimed at finding solutions to improve processes, incorporate technological advances and improve the quality of the services provided.

The company's commitment to innovation is clear from the significant increase in the R&D investment made by the ACS Group year after year. The result of this effort leads to, among others, improvements in productivity, quality, customer satisfaction, occupational safety, the use of new materials and products, and the design of more efficient production processes and systems.

IN 2020, THE ACS GROUP INVESTED A TOTAL OF EUR 53 MILLION ON RESEARCH[8], DEVELOPMENT AND INNOVATION, WHICH REPRESENTS AN INCREASE OF 41% COMPARED TO 2019.

Management of innovation at Group companies normally has the following characteristics:

- The function is assumed by technology management, generally by the Technological Development Committee.
- R&D is managed through recognised management systems, customarily the UNE 166002:2006 standard.
- Compliance with reference standards is reviewed through independent audits.

Compliance with the requirements of the systems usually involves the development of individual strategic lines of research, collaboration with external organisations, investment that seeks to promote research and regular generation of new patents and operating techniques.

IN 2020, THE ACS GROUP[8] HAD 253 PROJECTS UNDERWAY AND FILED FOR 2 PATENTS. OVER THE LAST 10 YEARS, GROUP COMPANIES HAVE REGISTERED A TOTAL OF 59 PATENTS.

The ACS Group's capabilities were strengthened and complemented through the alliances with technological centres, research institutes and universities, as well as other institutions related to R&D in order to successfully complete the innovation processes. In this sense, the Group has made a notable commitment to developing innovation projects related to sustainability.

IN 2020, THE ACS GROUP DEVELOPED 66 SPECIFIC INNOVATION PROJECTS RELATED TO SUSTAINABILITY.

The projects developed in the ACS Group's Innovation area are aimed at responding to the specific challenges and opportunities presented in the current infrastructure and services environment, representing one of the Group's key lines for the creation of value. The main lines of development of the Group's Innovation activities are related to:

- Solutions relating to sustainability, efficiency and climate change:
  - Development of construction materials and techniques to improve the resilience of infrastructure.
  - New technologies related to renewable energies.
  - Improvement of resource efficiency.
  - Development of solutions for Smart cities.
- Automation of processes, digitalisation and data management:
  - BIM and virtual reality.
  - Artificial intelligence.
  - Shared learning systems.
  - The Internet of Things.

(8) Scope of the data 26.4%.

5.10.1. INFRASTRUCTURE

The management of research, development and innovation in infrastructure activities is coordinated by the Dragados departments and by Hochtief companies.

In accordance with the targets established by the head companies, at the end of 2020 the ACS Group's infrastructure companies had a total of 159 projects in progress. A total of EUR 37.7 million was invested in 2020 to carry out its R&D activities.

NEXPLORE

HOCHTIEF is working with ACS and the Group's operating companies to actively promote digitalisation in its main activities through the company Nexplore, created in 2018. Nexplore is a digital transformation incubator and accelerator that takes advantage of the existing digital innovation capacity within the ACS Group.

Nexplore combining cutting-edge research with front-line institutions and world-class technical capabilities to enhance collaboration and progress in the sector worldwide, including innovation and digital development centres. The aim is to make the most of the opportunities offered by digitalisation for the business, such as artificial intelligence, virtual reality, the Internet of Things and Industry 4.0.

In Hong Kong, collaboration is channelled through the new Nexplore Innovation Development Centre, based in the capital. At the Centre, Leighton Asia (one of the companies the CIMIC Group) collaborates with other Group companies, newly created technological companies, clients and stakeholders, such as the Construction Industry Board of Hong Kong, and research institutes such as the Hong Kong Science and Technology Park (HKSTP) and the Institute of Research on Science and Advanced Technology (ASTRI).

An example of the type of innovation that is being developed is the practical application of artificial intelligence (AI) in the CIMIC Group. AI has the potential to transform certain processes and practices to increase efficiency, improve safety and quality and reduce costs. In this regard, Leighton Asia has developed roadmaps for using this technology, particularly with the ASTRI, with which it works at the Nexplore Centre. Leighton Asia and the ASTRI are developing a camera that uses AI and computer vision to protect workers from being struck by moving equipment.

Nexplore continued to grow in 2020 by expanding its global presence with new locations in New York, Denver, Austin and Munich, Germany. The most recent projects include, among others, software that digitalises the supply chain of the construction industry, digital platforms to improve the coordination of infrastructure projects and the generation of digital terrain models. The development of products that implement artificial intelligence in areas such as the tendering process, quality assurance and contract and management project are also common. Applications that make us of the Internet of Things (IoT) are currently being tested, for purposes such as tracking consumption data in real time. The implementation of drones and robots for automated data collection also forms part of the current project portfolio.

PROJECT S2C (DRAGADOS AND DRACE)

The “S2C” R&D project: Development of a new concept of a tall in situ concrete tower for high-power wind turbines, was approved in the 2017 RETOS-COLLABORATION request for tenders as part of scientific-technical priority II: Wind Power, line (i) development of components and turbines and was co-financed by the Ministry of Science and Innovation as part of the National Plan for Scientific Research, Development and Technological Innovation. The project is being implemented between 2018 and 2021 coordinated by DRAGADOS, with the participation of DRACE INFRAESTRUCTURAS, Ingecid and Giteco (University of Cantabria).

The general objective of the project is to develop the concept for a tall concrete tower fabricated in situ to accommodate large wind turbines, which will promote the development of the wind industry through a technology that allows taller towers that therefore make it possible to install wind turbines with greater rotor diameter that make better use of the wind resource either in repowering existing wind farms or in the construction of new ones.

A design is being developed that presents better performance and structural capacity and is less sensitive to fatigue, which is one of the most important structural deterioration processes in metal towers.

The use of concrete reduces the logistical requirements and costs of these structures, using material that is more economical and more durable than steel. The project is designing the structure of the concrete tower and foundation poured in situ, along with the development and design of the complete construction and logistics process required to be able to build this optimised structural system that will reduce costs and reach a target height of 140 m. Two solutions are being designed using a climbing system, a reinforced concrete tower and a fibre-reinforced concrete tower that, by removing the rebar, simplifies the construction process.

The geometry designed makes it possible to maintain constant curvature of the formwork, which generates a series of advantages for the tower. One of these advantages is that large auxiliary resources are not necessary, avoiding the use of large cranes and the costs associated with them. Construction times are reduced, and it is possible to reach one jump per day with very short completion times. Reusing the construction system on multiple towers reduces installation costs. Problems of deterioration due to fatigue are reduced as there are no joints.

In summary, the main advantages generated by the project are:

- Development of technology for tendering in new markets.
- Greater heights with lower material cost.
- None of the costs associated with the transport of large prefabricated tower sections.
- Lower cost of cranes and hoisting systems.
- The need for prefabrication centres close to the site (except for the concrete plant) is eliminated.
- Minimum operating and maintenance costs.
- The lifetime of existing towers is 20 years; using concrete as a construction material will increase it to 40 years.

SOGUN PROJECT (DRAGADOS)

The SOGUN R & D project (Geometric Control System of Gunite Robot) consists the development of a system for verifying the geometry of the thickness of shotcrete in tunnels. The SOGUN project was developed by DRAGADOS in collaboration with the CARTIF technology centre and with financing by DRAGADOS and DRAGADOS Canada. The system was used in Toronto in the Crosslinx Transit Solutions Joint Venture, of which DRAGADOS is a part, and an improved version will be used in the REM (Réseau Express Métropolitain) project in Montreal.

The SOGUN system incorporates a series of devices into a single unit that makes it possible to scan (measure) the actual surface area of the tunnel in three-dimensions, capturing hundreds of thousands of points from the surface of the tunnel per second, detecting deviations from the theoretical plans of the tunnel and displaying or projecting the results of the comparison directly on the surface of the tunnel with the precision necessary to facilitate guniting. All of these tasks are carried out in less than one minute, replacing the use of trusses or pins when used as reference elements to determine the gunited thickness.

SOGUN eliminates the need to use these reference elements when they are not required for structural purposes, allowing the operator of the gunite-robot to know the thicknesses that are required to reach a theoretical geometric cross-section at each point of the tunnel almost instantly, and generating the following advantages:

- Increased safety for workers because reference elements do not need to be installed in areas with unsupported material or material that is in the process of being consolidated.
- Savings of the material for trusses or pins material and optimisation of the quantity of concrete sprayed.
- Elimination of the time required to install the trusses or pins, significantly shortening the work cycle.
- The system also makes it possible to control potential overexcavation, which means that no more gunite than necessary is used.

The system is highly versatile and can be used either installed on the guniting robot or from any location that allows it to be operated correctly (standalone mode). SOGUN has a wide variety of possibilities for configuring the software and the information displayed to the operator on the surface of the tunnel, including the representation of the thickness of the missing concrete in different colours, in addition to the numerical information on the thickness in question. The system has been designed for easy use and a specific button panel has been developed to allow the operator of the guniting-robot to handle it remotely.

The SOGUN system has been validated in different work environments and is currently scheduled to be included in REM project in Montreal in 2021.

EXPANDING BIM CAPACITIES AT HOCHTIEF

Building information modelling (BIM) is the digital tool of the future for executing projects. Customers from various countries are now demanding that BIM be used in the design and construction of projects. The methodology is based on actively connecting all people that participate in a project using 3D computer models that can be detailed with additional information. Based on this model, project participants can also calculate the carbon footprint and possible savings.

HOCHTIEF recognised this potential from the outset and founded the company HOCHTIEF ViCon GmbH, which specialises in these methods. The objective is to make HOCHTIEF ViCon the BIM expert for all of HOCHTIEF, offering courses in this area for the company's own employees as well as providing courses to other companies and serving as a consultant and adviser specialised in BIM for projects undertaken by the public administration or private companies. In addition, BIM is already used in many HOCHTIEF companies.

The development of innovative applications for building information modelling (BIM) continued to be a common long-term focal area for all corporate units in 2020. During the year, the total number of employees trained in the most recent iteration of this technology was 5,937, compared to 3,375 in 2019. To train BIM professionals, HOCHTIEF ViCon collaborates with Ruhr University Bochum and the Technical University of Munich, among others. Training and use of these new technologies is necessary to offer sustainable products and services when meeting clients' needs and, therefore improve their positioning in the market.

(3) NUMBER OF EMPLOYEES PROVIDED WITH BIM OR SIMILAR TRAINING IN 2020

	HOCHTIEF GROUP	HOCHTIEF AMERICAS	HOCHTIEF ASIA PACIFIC	HOCHTIEF EUROPE
EMPLOYEES	5,973	454	1,344	4,175

ADVANCES IN 3D-MODELLING FOR BETTER, FASTER AND SAFER DESIGN (CIMIC)

Until now, being able to see a whole underground structure and the surrounding soil layers in 3D required intensive manual design work, specialised software knowledge and a significant investment of time and money. With a great innovation, EIC Activities, one of the main companies through which the CIMIC group operates in the Asia Pacific region, has automated parts of the modelling process to effectively complete 3D models of multiple stations for the Cross River Rail project.

Working in 3D means that it is possible to simulate the construction of the entire structure, including the temporary and permanent works, in a way that is impossible with 2D simulation. This new tool eliminates many of the difficulties and reduces the time required for 3D modelling. One of the scenarios, the creation of the model using the traditional methods was expected to take three weeks; this time was reduced to one week with this new model.

Thanks to the successful modelling of the Cross River Rail stations, the EIC Activities geotechnology team is studying the possibility of applying the faster 3D modelling process in more projects, even in the tendering phase. This technology generate significant advantages when it comes to being able to show a customer, during the tendering phase, the model of what the construction process will look like, including all the ground layers and how they will affect the structure. In addition, being able to simulate reality with greater precision makes it possible to identify potential problems and risks during the design process.

PROJECT AND TESTING (GEOCISA)

Since 10 November 2017, GEOCISA has been working, with the collaboration of the International Centre of Numeric Methods for Engineering (CIMNE) of the Polytechnic University of Catalonia (UPC), on the E-TESTING project, which is a numerical-experimental tool to determine the integrity state of the structures, particularly aimed at railway bridges.

The method used to determine the structural health study is:

- Detailed study of the structure. This includes the collection of the existing information, that is, all types of drawings, measurements and a principal inspection in the field to verify its state of repair and correspondence of the plans to reality. Preparation of a preliminary model of the structure.

- Adjustment of the model. The preliminary model is refined with real information, from on-site tests, which exhaustive instrument readings of the structure to acquire maximum information. These tests include static and dynamic load tests.

  The static part consists of placing known overloads (locomotives, rail trolleys, etc.) for a specified time to verify their elastic behaviour and compare the actual deformation that is generated with the theoretical deformation determined from the model.

  The dynamic part consists of making multiple passes over the structure at different speeds to obtain parameters such as frequencies of the main vibration modes, coefficient of impact or dynamic amplification and damping.

  The model adjustment continues at a later stage, taking into account the permanent instrumentation on the structure. The ultimate goal is to determine the actual response of the structure to the environmental and operational effects (temperature, humidity, wind speed, loads, etc.), so that any detected anomalies, which are understood to be any event that cannot be correlated with the aforementioned effects, would be considered as deterioration.

- The sensors that are permanently installed on the structures are essentially accelerometers and temperature and humidity sensors. These sensors are wireless and autonomous in terms of power, as they are equipped with solar panels. The signals from all of these instruments is received by a router with access to the internet, which is also powered by a solar panel, and it sends the data to a cabinet for processing and analysis. This system is fully scalable for better adaptability.

5.10.2. INDUSTRIAL SERVICES

The ACS Group's Industrial Services area carries out significant work in promoting research, development and innovation through the different R&D departments in several of the companies in this line of business.

The R&D strategy is based on an external approach, aimed at its stakeholders, and an internal approach, aimed at process modernisation and improvement.

At the close of 2020, the industrial services companies of the ACS Group had a total of 82 projects in progress. A total investment of EUR 14.5 million was allocated to executing the projects.

IN-FAST PROJECT (SICE)

The IN-FasT project aims to establish a design and operation methodology that incorporates security requirements, measures and recommendations to detect and control any potential cyber-attacks. This RDP project (Research and Development Project) is co-financed by the Centre for Industrial Technological Development (CDTI) and aims to implement the measures in the SCADA SIDERA control and application system.

The ongoing evolution of traffic control systems, which not only obtain the information, but also relate it to other applications by analysing it using expert systems, is beginning a new era of Interconnected Smart Systems. These systems will represent an enormous qualitative leap in improving land transport and, in turn, are faced with a series of significant security risks.

All technologies that are developed to work while connected to the Internet are open to cyber-attacks, which can represent significant economic and service quality threats and losses. In the case of STSs (Smart Transport Systems), these threats that involve everything from problems related to blocking the flow of data and information to the interruption of functions and/or services.

The objective of the IN-FasT project is to incorporate cybersecurity requirements staring with the design phase, in order to define an ITS operating framework to control critical transport infrastructure.

A series of measures to improve cybersecurity will therefore be included to ensure SIDERA's proper functioning in response to cyber-attacks and possible threats, preventing external actors from accessing the system or its components, as well as permitting the creation of measures to deter access by intruders, and mitigation measures that, among other things, make it possible to isolate equipment that is under attack.

MEISTER PROJECT (ETRA)

ETRA leads the European MEISTER project, which aims to promote the large-scale deployment of electric vehicles in the European Union, addressing the three main challenges faced by the sector: the cost of vehicles, the level of consumer acceptance and progress in the deployment of charging stations.

MEISTER provides cities, operators and users, platforms and interoperable services that allow easy and barrier-free access to electric vehicle recharge service. At the same time, the use of energy from renewable sources is encouraged.

To achieve this, MEISTER has developed five products that encourage large-scale adoption of electric mobility through:

- Demonstration of innovative and sustainable business models to reduce the installation and operating costs of charging infrastructure.

- Optimisation of the use of the infrastructure through the intelligent combination of charging and parking services.

- Integration of electric vehicles within the Sustainable Urban Mobility Plans of cities.

- Providing interoperable platforms and services to users for easy and barrier-free access to charging, billing and smart network services, including increased use of renewable energies and self-generation to power electric vehicles.

These solutions will be evaluated in three urban areas: Málaga (Spain), Berlin (Germany) and Stockholm (Sweden), involving a thousand electric vehicles, more than 500 charging stations and several tens of thousands of users.

Over the course of 2020, the MEISTER team prepared the Business Case Plan for the innovative business models that are being tested in the project. The Meister platform was also integrated; it includes two products: the roaming and accounting platform (roaming module in the MEISTER Backend) and integrated real-time information and reservation services (MEISTER Backend and 6 applications). The MEISTER Smart Charging and Storage platform was also launched.

In Malaga, MEISTER, in coordination with ETRA, is testing the projects ‘E-Car Sharing’ in the municipal fleet, ‘City E-Logistics’ for ultra low emission centres and ‘Smart Park + Charge’. Some of the most important aspects are:

- In regard to the ‘E-Car Sharing’ project, the parking spaces in the City of Malaga and the municipal electric vehicles have been labelled with the MEISTER logo. In addition, the Malaga partners have prepared a manual for users and will prepare a training session for municipal employees.

- Regarding the ‘City E-Logistics’ project, the road signs will be installed in the electric vehicle charge and discharge zones (in the street) (just before the pilot test is launched). In addition, a training session will be held for project users.

- The ‘Smart Park + Charge’ application in the process of revising the letter of consent that will be sent to users to comply with the Data Protection Act. The procurement procedure for acquiring the first automatic barrier was also closed. The technical activities for the integration of the existing recharge station systems will be completed soon, and the test process will begin in the centre of Málaga (La Alcazaba car park).

For further information:
https://meisterproject.eu/
https://www.recargavehiculoselectricos.com/
www.grupoetra.com

MERLON PROJECT (COBRA)

In response to the challenges and needs of the energy system that is being proposed in Europe, which is based on a decentralised energy model in which consumers play a more important role, the MERLON project introduces an integrated modular framework for local energy management for the operational optimisation of local energy systems in the presence of high percentages of renewable energy.

MERLON also proposes the development of energy communities by combining and integrating decentralised storage. This is achieved by renewable technologies, such as photovoltaic solar power to optimise the energy system, including responding to demand, optimising the charging of electric vehicles and synergies with other energy vectors at the local level and offering flexibility to ensure optimal network management.

Another aspect of the project is to provide the parties involved with innovative and highly effective tools to establish solid business practices and to be able to exploit their microgrids and dynamic Virtual Power Plants as balancing assets to achieve stability in the network and ensure that the electrical parameters are within the specified limits.

Energy optimisation at MERLON is applied at multiple levels: it covers local production, demand and flexibility of storage, as well as the flexibility offered by electric vehicles (in their dual role as demand and storage assets) and the interconnection with heterogeneous energy vectors (cogeneration) to facilitate maximum integration of renewables in the grid, avoid congestion, meet balancing needs and provide ancillary services to the grid. This is achieved through the integration of innovative technologies for managing local energy systems (smart battery investors that are capable of working in grid formation mode), people-centred demand management, optimisation of energy storage, development of vehicle-to-grid technology, virtual storage of thermal energy and coordination with local cogeneration plants and their operational optimisation under a local energy management system.

Within the project, Cobra is leading the design of the technical specifications for the battery storage solutions, is developing the control software and is managing its operation in accordance with the project criteria. During the project, batteries will be installed in the pilot facilities, located in Crevillente (Spain) and Strem (Austria), to demonstrate the achievement of the project objectives during the test period, which will run through 2021.

5.10.3. SERVICES

To carry out this function, Clece has its own specific R&D department and a formal management system certified under the UNE 166002:2006 standard, which is audited by an independent third party.

As of 31 December 2020, EUR 1.3 million had been invested in 12 ongoing research and development projects.

5.11 LIST OF CONTENTS OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

The scope of each of the non-financial management indicators can be found in annex 7.3.4. Scope of non-financial data.

Information requested by the Non-Financial Information draft legislation	Link with GRI indicators	Location Information included
General information		
A brief **description of the group's business model,** which will include its business environment, organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution.	102-2 Activities, trademarks, products and services 102-4 Location of operations 102-6 Markets served 102-7 Size of organisation 102-15 Main impacts, risks and opportunities	5.0. Business model 5.0.1 Strategy and trends Page 124-125
A **description of the policies** that the group applies in regard to the issues in question [environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as in regard to personnel, including any measures that have been adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility], which will include the due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts and verification and control, including what measures have been adopted.	103-2 Management approach and its components	5.1. Environment 5.2. People in the ACS Group 5.4. Regulatory compliance 5.6. Contribution to Society Page 130-131, 160, 190-192, 192, 202
The **results of these policies, which must include key relevant non-financial results** to monitor and evaluate progress and to promote comparability between companies and sectors, in accordance with Spanish, European or international reference frameworks used for each area.	103-2 Management approach and its components 103-3 Evaluation of the management approach	5.1. Environment 5.2. People in the ACS Group 5.4. Regulatory compliance 5.6. Contribution to Society Page 130-131, 160, 190-192, 192, 202
The **main risks related to these issues** [environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as relating to personnel, including the measures that, where applicable, have been adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility] linked to the group's activities, including, where relevant and proportionate, its commercial relationships, products or services that may have negative effects in these areas, and how the group manages these risks, explaining the procedures used to detect and assess risks in accordance with Spanish, European or international frameworks of reference for each subject. Information on the impacts detected should be included, providing a breakdown, in particular of the main risks in the short, medium and long term.	102-15 Main impacts, risks and opportunities	5.0.2. Risks 5.1.5. Risk management in environmental issues 5.2.4. Risk management in Personnel issues 5.3.3. Management of risks related to safety and health 5.4.4. Management of risks related to Compliance issues 5.7.3. Management of risks in issues relating to the supply chain Page 126-127, 158-159, 175, 185, 197-198, 215

Information requested by the Non-Financial Information draft legislation	Link with GRI indicators	Location Information included
Key indicators of non-financial results that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability. To facilitate comparison of information, both over time and between entities, standards of key non-financial indicators that can be generally applied and that comply with the European Commission's guidelines on this matter and the Global Reporting Initiative standards will be used, and the report must specify the Spanish, European or international framework used for each matter. The key non-financial result indicators should apply to each of the sections of the non-financial statement. These indicators must be useful, taking into account the specific circumstances and consistent with the parameters used in their internal risk management and assessment procedures. In any case, the information submitted must be accurate, comparable and verifiable.	103-2 Management approach and its components 103-3 Evaluation of the management approach 102-54 Statement of reporting in accordance with the GRI Standards	5.0.3 Evolution of relevant indicators for the non-financial management of the ACS Group Page 128-129
Environmental Issues		
Detailed general information		
Current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	102-15 Main impacts, risks and opportunities	5.1 Environment Page 130-132
Regarding Environmental assessment or certification procedures	102-11 Precautionary principle or approach 102-29 Identifying and managing economic, environmental and social impacts	5.1 Environment Page 131
Regarding resources devoted to environmental risk prevention	102-29 Identifying and managing economic, environmental and social impacts	5.1.5. Risk management in environmental issues Page 158
Regarding the application of the precautionary principle	102-11 Precautionary principle or approach	5.1 Environment Page 130-131
Regarding the quantity of provisions and guarantees for environmental risks	307-1 Non-compliance with environmental legislation and regulations	5.1.5. Risk management in environmental issues Page 158
Pollution		
Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution	103-2 Management approach 302-4 Reduction in energy consumption 305-5 Reduction of GHG emissions 305-7 NOx, Sox and other significant atmospheric emissions	5.1.1. The fight against climate change 7.3.2 Additional indicators Page 133-142, 266
Circular economy and waste prevention and management		
Measures for the prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste	301-2 Recycled inputs 301-3 Reused products and packaging materials 303-4 Water discharges 306-1 Water discharge by quality and destination 306-2 Waste by type and method of disposal	5.1.2 Circular economy: sustainable use of resources and waste management 5.1.3 Efficient and responsible use of water resources Actions to combat food waste are not material for the ACS Group given the activity carried out by the Group Page 143-149, 150-153

Information requested by the Non-Financial Information draft legislation	Link with GRI indicators	Location Information included
Sustainable use of resources		
Water consumption and water supply in accordance with local limitations	303-1 Interaction with water as a shared resource 303-3 Water withdrawal 303-4 Water discharges 303.5 Water consumption	5.1.3 Efficient and responsible use of water resources Page 150-151
Consumption of raw materials and measures adopted to improve the efficiency of their use	301-1 Materials used by weight or volume 301-2 Materials used by weight and volume	5.1.2 Circular economy: sustainable use of resources and waste management Page 143-147
Direct and indirect consumption of energy	302-1 Energy consumption within the organisation 302-2 Energy consumption outside the organisation 302-3 Energy intensity 302-4 Reduction in energy consumption	5.1.1. The fight against climate change Page 141-142
Measures taken to improve energy efficiency	302-3 Energy intensity 302-4 Reduction in energy consumption 302-5 Reduction in energy requirements for products and services	5.1.1. The fight against climate change Page 141-142
Use of renewable energies	302-1 Energy consumption within the organisation	5.1.1. The fight against climate change Page 141
Climate Change		
Greenhouse Gas Emissions	305-1 Direct GHG emissions (scope 1) 305-2 indirect GHG emissions when generating energy (scope 2) 305-3 Other indirect GHG emissions (scope 3) 305-4 intensity of GHG emissions	5.1.1. The fight against climate change Page 135
Measures adopted to adapt to the consequences of climate change	305-5 Reduction of GHG emissions	5.1.1. The fight against climate change Page 135-142
Voluntary medium and long-term reduction targets to reduce greenhouse gas emissions and the means implemented for this purpose	305-5 Reduction of GHG emissions	5.1.1. The fight against climate change 2.3.3 Sustainably and responsibly Page 43, 135-136
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	304-3 Protected or restored habitats	5.1.4. Protection of biodiversity Page 154-157
Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	5.1.4. Protection of biodiversity Page 154-157
Social and personnel issues		
Employment		
Total number and distribution of employees based on diversity criteria (gender, age, country, etc.)	102-7 Size of the organisation 102-8 Information on employees and other workers 405-1. (b) The percentage of employees by employment category for each of the following categories of diversity: gender and age group	5.2. ACS Group employees Page 160-162
Total number and distribution of employment contract types, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification	102-8 Information on employees and other workers	5.2. ACS Group employees Page 160-162
Number of dismissals by gender, age and professional classification	401-1. (b) Total number and turnover rate during the reporting period, by age group, gender and region (for dismissals)	5.2. ACS Group employees Page 162
The average remuneration and its evolution broken down by gender, age and professional classification or equal value	405-2 Ratio of base salary and remuneration of women to men	5.2.2. Equal opportunities, diversity and inclusion Page 172
Wage gap, remuneration for equal or average jobs in the company	405-2 Ratio of base salary and remuneration of women to men	5.2.2. Equal opportunities, diversity and inclusion Page 172

Information requested by the Non-Financial Information draft legislation	Link with GRI indicators	Location Information included
The average remuneration of directors and executives, including variable remuneration, per diem, indemnity, and Payment to long-term savings systems and any other remuneration broken down by gender	102-35 Remuneration policies 102-36 Process for determining remuneration 201-3 Obligations of the defined benefit plan and other retirement plans	5.2.2. Equal opportunities, diversity and inclusion Page 171
Introduction of employment disconnection policies	103-2 Management Approach	5.2.3. Organisation of work and social relationships Page 173
Employees with disabilities	405-1 (b) The percentage of employees by employment category for each of the following diversity categories: gender and age group	5.2.2. Equal opportunities, diversity and inclusion Page 170
Organisation of work		
Organisation of work time	102-8 (c) The total number of employees per type of employment contract (full or part-time) and by gender	5.2.3. Organisation of work and social relationships Page 173-174
Number of hours of absenteeism	403-9 Work-related injuries	5.2.3. Organisation of work and social relationships Page 174
Measures to facilitate the enjoyment of work-life balance and encourage the co-responsible exercise of these measures by both parents	401-3 Parental leave	5.2.3. Organisation of work and social relationships Page 173
Health and safety		
Occupational health and safety conditions	403-1 Occupational Health and Safety Management System 403-2 Risk identification, risk assessment, and incident investigation 403-3 Occupational health services 403-5 Occupational Health and Safety training 403-6 Promotion of worker health 403-8 Workers covered by a occupational health and safety management system	5.3. Occupational Health and Safety Page. 176-185
Work-related accidents, particularly their frequency and severity, as well as occupational illnesses; broken down by gender.	403-9 Work-related injuries 403-10 Occupational illnesses	5.3.2 Safety statistics Page 181-184
Social relationships		
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them	102-43 Approach for participation of stakeholders 402-1 Minimum notice periods on operational changes 403-4 Employee participation, consultation and communication on occupational health and safety	5.2.3. Organisation of work and social relationships Page 175
Percentage of employees covered by collective bargaining agreement, by country	102-41 Collective bargaining agreements	5.2.3. Organisation of work and social relationships Page 175
The balance of collective agreements, particularly in the field of occupational health and safety	403-4 Workers' participation, consultation and communication of occupational health and safety	5.2.3. Organisation of work and social relationships Page 175
Training		
The policies implemented in the field of training	404-2 Programmes for upgrading employee skills and transition assistance programmes	5.2.1. Professional Development Page 163-167
The total number of training hours by professional category	404-1 Average hours of training per year per employee	5.2.1. Professional Development Page 167
Universal accessibility of disabled persons		
Universal accessibility of disabled persons	103-2 Management approach	5.2.2. Equal opportunities, diversity and inclusion Page 170

Information requested by the Non-Financial Information draft legislation	Link with GRI indicators	Location Information included
Equality		
Measures adopted to promote equal treatment and opportunities between women and men	103-2 Management approach	5.2.2. Equal opportunities, diversity and inclusion Page 168-172
Equality plans (Chapter III of Organic Law 3/2007, March 22, on the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of persons with disabilities	103-2 Management approach	5.2.2. Equal opportunities, diversity and inclusion Page 168
The anti-discrimination and, where applicable, diversity management policy	406-1 Cases of discrimination and corrective actions taken	5.2.2. Equal opportunities, diversity and inclusion Page 168
Respect for human rights		
Human Rights		
Application of human rights due diligence procedures; prevention of risks of human rights abuses and, where applicable, measures to mitigate, manage and remedy possible abuses committed	410-1 Safety personnel trained in human rights policies or procedures 412-1 Operations subject to reviews or human rights impact assessments 412-2 Training employees in human rights policies or procedures	5.4.4. Human Rights Page 192
Reports of cases of human rights abuses	102-17 Advisory mechanisms and ethical concerns 419-1 Non-compliance with laws and regulations in the social and economic fields	5.4.4. Human Rights Page 192
Promoting and complying with the provisions of the fundamental conventions of the International Labour Organisation relating to respect for freedom of association and the right to collective bargaining; eliminating discrimination in employment and occupation; eliminating forced or compulsory labour; effectively eliminating child labour.	103-2 Management approach	5.4.4. Human Rights Page 192
Prevention of corruption and bribery		
Corruption and bribery		
Measures adopted to prevent corruption and bribery	103-2 Management approach	5.4.3. Prevention of corruption and bribery Page 190-191
Measures to combat money laundering	103-2 Management approach	5.4.3. Prevention of corruption and bribery Page 190-191
Contributions to foundations and non-profit entities	103-2 Management approach 201-1 Direct economic value generated and distributed 415-1 Contribution to political parties and/or representatives	5.4.3. Prevention of corruption and bribery 5.6. Social action of ACS Group companies Page 191, 204
Information about the Company		
Company commitments to sustainable development		
The impact of the company's activity on employment and local development	204-1 Proportion of spending on local suppliers 413-1 Operations with local community participation, impact assessments and development programs	5.6. Giving back to society 5.7.1. The supply chain of the ACS Group Page 202-210, 212

Information requested by the Non-Financial Information draft legislation	Link with GRI indicators	Location Information included
The impact of the company's activity on local populations and on the territory	204-1 Proportion of spending on local suppliers 413-1 Local community operations, impact assessments and development programs 413-2 Operations with significant potential impacts or actual negative impacts on local communities	5.6. Giving back to society 5.7.1. The supply chain of the ACS Group Page 202-210, 212
Relations with local community agents and dialogue with local communities	102-43 Approach to stakeholder engagement 413-1 Local community operations, impact assessments and development programs	5.5. Management of the relationship with stakeholders Page 199-201
Association or sponsorship actions	102-13 Membership associations	5.5. Management of the relationship with stakeholders 5.6.1 Social action of ACS Group companies Page 200, 204
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental issues in the procurement policy	103-2 Management approach	5.7. Suppliers and contractors Page 211-215
Consideration of social and environmental responsibility of suppliers and subcontractors in relations with them	102-9 Supply chain 308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts on the supply chain and actions 414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts on the supply chain and actions	5.7. Suppliers and contractors Page 211-215
Supervisory systems and audits and their results	308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts on the supply chain and actions 414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts on the supply chain and actions	5.7. Suppliers and contractors Page 213
Consumers		
Measures for consumer health and safety	416-1 Assessment of the health and safety impacts of product or service categories	The issue is not material according to the materiality report (Chapter 7.2), because, due to the type of business (business to business), the company works mainly with clients not with end consumers. However, the information relating to the quality commitment with the customers is available in Chapter 5.8. Page 216-218
Complaint systems, complaints received and their resolution	102-17 Advisory mechanisms and ethical concerns (complaints received and resolution 418-1 Fundamental claims relating to infringements of customer privacy and loss of customer data	5.8.2. Customer relations Page 218
Tax information		
Profit obtained by country	201-1 Direct economic value generated and distributed	5.9. Tax information Page 220-221
Profits tax paid	201-1 Direct economic value generated and distributed 207-4 Presentation of reports by country	5.9. Tax information Page 220-221
Public subsidies received	201-4 Financial assistance received from the government	5.9. Tax information Page 220-221

6. CORPORATE GOVERNANCE

6.1 GENERAL SHAREHOLDERS' MEETING
6.2 BOARD OF DIRECTORS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6. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OF THE ACS GROUP

The ACS Group, following the latest recommendations of the reference entities, such as the National Securities Market Commission and best practices in corporate governance, has adopted a governance model consisting of the following bodies:

GENERAL SHAREHOLDERS' MEETING

The General Meeting is the highest body of expression of the Company's intentions and decisions, adopted in accordance with the provisions of the Bylaws, binding for all shareholders. It is responsible for approval of the Annual Accounts, implementation of the profits and approval of the social management. It is also responsible for the appointment and dismissal of directors, as well as any other functions that may be determined by Law or by the Bylaws.

BOARD OF DIRECTORS

The Board has the broadest powers to represent the company and to administer it as a supervisory and control body for its activity, but also to directly assume the responsibilities and decision-making regarding business management. It submits its management to the approval of the General Shareholders' Meeting.

DELEGATED COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE	AUDIT COMMITTEE	APPOINTMENTS COMMITTEE	REMUNERATION COMMITTEE
Delegated committee of the Board of Directors that may exercise all powers of the Board of Directors except those that cannot be delegated or those that the Board advocates as being within its competence.	Delegated committee of the Board of Directors responsible for the accounting and risk management functions, including supervision of compliance with corporate governance rules, internal Codes of Conduct and Sustainability Policy.	Delegated committee of the Board of Directors responsible for proposing the appointment of Directors and the Secretary General of the Board, appointment of Senior Managers and gender diversity issues in the Board of Directors.	Delegated committee of the Board of Directors responsible for control of the remuneration of directors and senior managers.

The ACS Group's governance model, as well as the composition, functioning and functions of government bodies, are developed in the Group's internal regulations.

The Group also has regulations on mechanisms for detecting, determining and resolving potential conflicts of interest between the company and/or its group, and its directors, senior management or significant shareholders.

ACS GROUP GOVERNANCE REGULATIONS

- Company bylaws
- Rules of conduct in the stock market
- Diversity policy
- Rules of Procedure of the General Shareholders' Meeting
- Rules of procedure of the Board of Directors

6.1. GENERAL SHAREHOLDERS' MEETING

ACS, Actividades de Construcción y Servicios, S.A., parent company of the ACS Group, is a corporation registered in Spain whose share capital, as of December 31, 2020, amounted to EUR 155,332,297, represented by 310,664,594 shares, with a nominal value of EUR 0.5 per share, fully subscribed and disbursed, all of them in a single class and with the same rights.

The General Shareholders' Meeting is the highest body of expression of the Company's intentions and decisions, adopted in accordance with the provisions of the Bylaws and the Rules of Procedure of the General Shareholders' Meeting, binding for all shareholders, even those absent, disagreeing and abstaining.

The General Shareholders' Meeting is composed of all holders of at least one hundred shares, present or represented. Owners or holders of less than one hundred shares can be grouped to reach that number, representing themselves or another shareholder holding only the number of shares necessary to form part of the General Shareholders' Meeting.

The announcement of the summons for the General Shareholders' Meeting shall be published simultaneously in the Official Gazette of the Commercial Registry, on the company's website and on the website of the National Securities Market Commission, stating all the regulations governing the following matters:

- Addendum to the meeting announcement and submission of new agreement proposals.
- Attendance and voting rights and shareholder registration.
- Voluntary representation.
- Appointment or revocation of the representative and notification to the company, both in writing and electronically.
- Conflict of interest of the representative.
- Public request for representation and exercise of voting rights by directors in the event of a public request for representation.
- Remote early voting.
- Special information instruments: corporate website and electronic shareholders' forum.

From the same day of publication of the announcement of the General Shareholders' Meeting and until the fifth day before, including that scheduled for holding the meeting on first call, shareholders may request in writing any information or clarifications that they deem accurate or may ask in writing the questions they deem pertinent to matters covered by the agenda, as well as in

relation to information accessible to the public that had been provided by the company to the national securities market commission since the last general meeting or the report from the statutory auditor. The Board of Directors shall be obliged to provide written information until the day of the general meeting.

All of these requests for information may be carried out by sending a request to the registered office, sending it to the company by post or electronically or remotely. Valid requests for written information, clarifications or questions and replies provided in writing by the Board of Directors shall be included on the company's website.

In addition to written requests for information, during the General Meeting, the shareholders of the Company may verbally request information or clarification they deem appropriate on matters on the agenda or in relation to information accessible to the public that the Company has provided to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, or the report from the Company's audit officer. If it is not possible to satisfy the shareholder's right at that time, the Board of Directors shall be obliged to provide written information within seven days of the termination of the General Meeting.

From the publication of the meeting announcement and until the holding of the general meeting, the company will continuously publish on its website www.grupoacs.com the following information that any shareholder may, likewise, examine in the registered office, or obtain immediately and free of charge:

- All documents or agreements to be voted on or considered by the general meeting, in particular reports from directors, auditors and independent experts.
- The system and forms for the issuance of the vote by representation, the forms for the delegation of the vote and the means to be used so that the company can accept an electronic notification of the representations conferred.
- Procedures and forms established for the issuance of remote voting.

The measures taken by the Group to encourage attendance at the General Shareholders' Meeting are reflected in the attendance percentages.

	2016	2017	2018	2019	2020
Total Quorum	70.00%	64.45%	61.51%	66.63%	53.72%
Quorum of shareholders present	6.85%	1.90%	1.59%	1.05%	0.93%
Quorum of shareholders represented	63.15%	62.54%	59.91%	65.57%	52.80%

6.2 BOARD OF DIRECTORS

The composition of the Board of Directors is based on a principle of proportionality, whereby the interests of all ACS shareholder groups are represented within the Board.

The mission of independent and external directors is to represent the interests of floating capital within the Board of Directors.

The General Shareholders' Meeting is responsible, upon request by the Board of Directors, for setting both the exact number of members of the Board and the appointment of people to hold those positions. As of December 31, 2020, the ACS Board of Directors was composed of 16 members. The Company understands that the composition of the Board of Directors is adequate to represent the interests of shareholders, both majority and minority. In this regard, it should also be considered that a significant part (three out of four) of the other external directors are directors who, while, because the legal regulation for exceeding the maximum period of 12 years prevents them from being independent, are considered to be directors who, in accordance with their personal and professional capacities, can perform their functions without being conditioned by relations with the company or its group, its significant shareholders or its senior management.

Composition of the ACS Board of Directors 1. Management Bodies

Annual Corporate Governance Report

FUNCTIONS

The Board of Directors assumes the functions of representation and administration of the company, as the highest supervisory and control body for its activity. It includes among its non-delegable functions, among others[1], the following:

- Investment and financing policy.
- Definition of the structure of the group of companies.
- Corporate Governance Policy.
- Sustainability Policy.
- Approval of financial information.
- Strategic or Business Plan, management objectives, and annual budgets.
- Senior management remuneration and performance evaluation policy.
- Risk management and control policy, including fiscal risks, and oversight of internal information and control systems.
- Dividend policy, as well as the policy related to equity or shares.
- Related operations, except in those cases provided for by the Rules of Procedure.
- Determination of the Company's fiscal strategy.

Principles governing the composition of the Board and its functioning can be reviewed in the Corporate Governance Report prepared annually by the ACS Group.

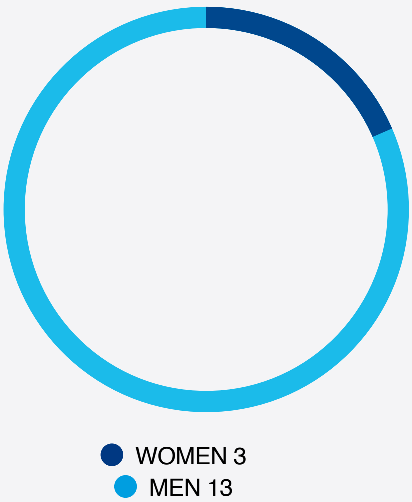
[1] The full list of non-delegable functions can be found in Article 5 of the Rules of Procedure of the Board of Directors.

During the 2020 financial year, an analysis of the responsibilities of the members of the Board of Directors was prepared, the results of which are reflected in the following matrix of competences:

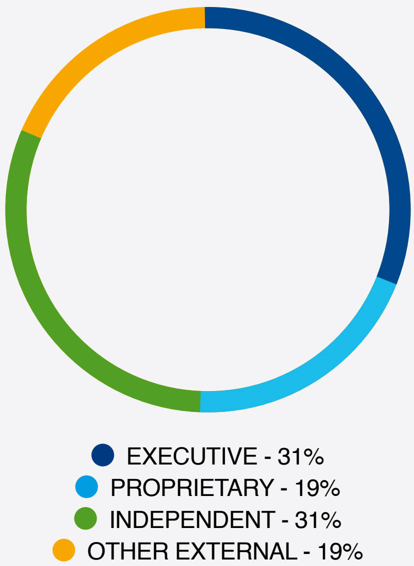
MATRIX OF COMPETENCES OF THE BOARD OF DIRECTORS

	Executive Chairman	CEO	Vice-Charirman	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8	Board Member 9	Board Member 10	Board Member 11	Board Member 12	Board Member 13
EXPERIENCE																
Sectorial	●	●	●	●		●		●	●		●	●		●	●	●
International	●	●				●	●		●		●			●	●	●
Academic	●				●		●	●	●	●	●		●	●		
Public Administration	●				●		●	●		●	●	●		●	●	●
KNOWLEDGE																
Accounting and finance	●	●	●	●		●	●		●		●	●				●
Risks	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Operations	●	●	●	●				●			●				●	
Legal and fiscal					●	●	●		●			●		●		●
Technology and digital Transformation		●				●										●
Human Resources	●	●	●			●		●		●	●		●	●	●	●

BOARD COMPOSITION

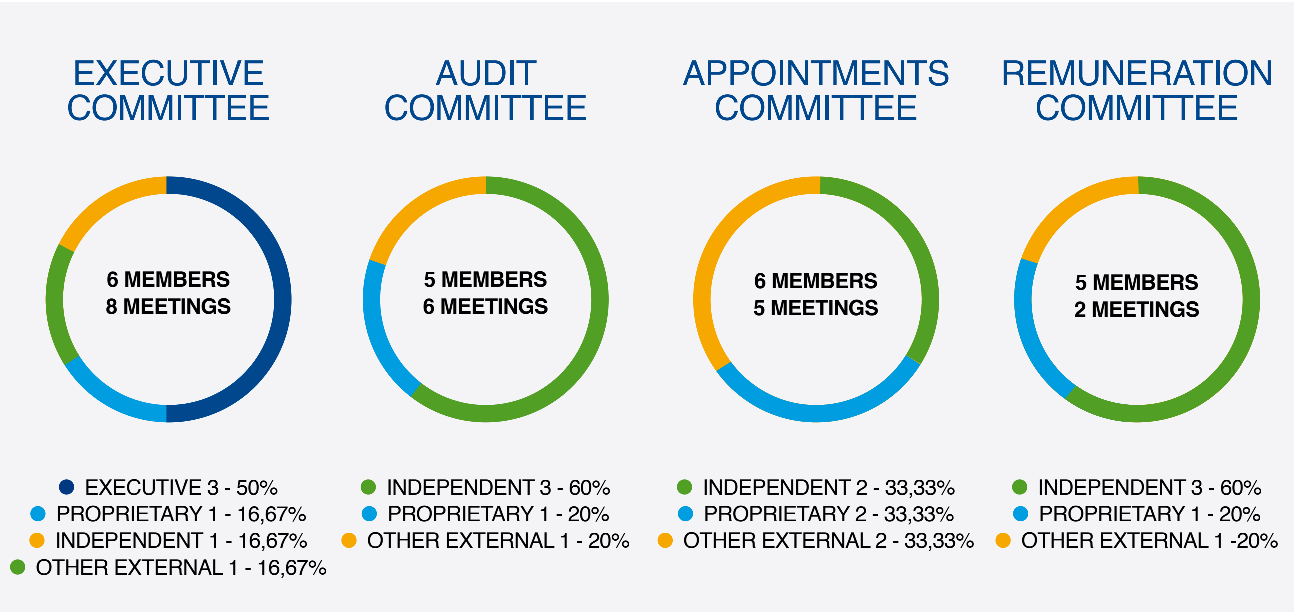


BOARD COMPOSITION BY TYPE OF DIRECTOR



6.2.1. DELEGATED COMMITTEES

The specific and detailed functions of each of the Delegated Committees of the ACS Group Board of Directors are described in Title 4 of the ACS Group Rules of Procedure of the Board of Directors.



6.2.2. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board Members is defined by a general policy approved by the Board in full, in accordance with the recommendations of the Remuneration Committee.

The details of the remuneration received by the Governing Body, as well as the criteria for its determination, are published in the Annual Remuneration Report.

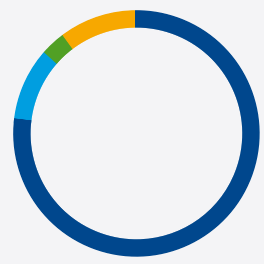
During the 2020 General Shareholders' Meeting, the Board's remuneration was approved with 96.26% of the votes cast in favor.

Annual Report on Remuneration of Directors

	Number	% over total
Votes cast	169.047.032	53,72%
Opposing votes	4.403.272	2,61%
Votes in favour	162.730.608	96,26%
Abstention	1.913.152	1,13%

6.2.3. GOOD GOVERNANCE

In the 2020 financial year, the ACS Group's parent company has continued to develop the work of adapting its internal regulatory body to monitor the recommendations of the Code of Good Governance of listed companies. The degree of monitoring can be found in point G. of the Corporate Governance Report which forms part of and is attached to this Consolidated Management Report.



7. ANNEXES

7.1 REPORTING PRINCIPLES
7.2 IDENTIFICATION OF RELEVANT ISSUES
7.3 NON-FINANCIAL INFORMATION ANNEXES
7.4 ECONOMIC-FINANCIAL ANNEXES

 Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

7.1 REPORTING PRINCIPLES

This report was prepared in accordance with the Exhaustive option of the GRI Standards. This Report of the ACS Group was also prepared following the principles established within the framework of the International Integrated Reporting Council (IIRC[1]) and the sector supplement of *Construction and Real Estate* of the Standards of the *Global Reporting Initiative*.

The Annual Integrated Report responds to the recommendations of the National Securities Market Commission included in Guidelines for preparing the management report for listed entities, as well as Law 11/2018 on disclosure of non-financial information and diversity information. This includes the consolidated non-financial statement, as part of the ACS Group Management Report.

In regard to the Group's financial and management information, the information broken down in the consolidated and individual Annual Accounts audited and prepared by the Board of Directors and presented at the Shareholders Meeting was taken into account.

The issues relating to non-financial information identified as relevant for the ACS Group stakeholders and to which this report responds are the following (in order of importance):

[102-46]

- Responsibility to local communities.
- Efficient management of resources.
- Development and talent of diversity.
- Ethical and responsible companies.
- Zero accidents target.
- The climate: global concern.
- Responsible supply chain.
- Resilient and socially-responsible infrastructure.
- Protection of human rights.
- New financing models and tools.

Lastly, a limited review of the non-financial information was carried out by an independent third party in accordance with ISAE 3000 *Revised*, including the assurance letter on pages 280-281 of this document.

The ACS Group applied to the following criteria to prepare this report:

1 For more information, see the website of the International Integrated Reporting Counsel http://integratedreporting.org/

PRINCIPLES TO DETERMINE THE CONTENT OF THE REPORT:

Inclusion of stakeholders: the ACS Group identifies and manages relevant issues taking into account the expectations of its stakeholders. The Group therefore has dialogue mechanisms adapted to its relationship with each of its stakeholders (indicated in section 5.5 this report). In line with this commitment, an exhaustive materiality review was carried out in 2018, both through external documentation and through 1,724 queries throughout the ACS Group with stakeholders to include their perspective on the relevant issues concerning the Group. In 2019/2020, this vision was updated by consulting the principal banks, financial institutions, investors and analysts with which the parent company of the ACS Group maintains relations.

Sustainability context: The purpose of this report is to explain the management of the ACS Group in each of the three sustainability areas: economic, social and environmental. Throughout this report, information is supplied in relation to the context of each of these areas.

Relevance: The ACS Group has carried out an analysis of material issues; the methodology and results can be consulted in section 7.2 of this report. This report made it possible to determine the issues that are relevant for the ACS Group and its stakeholders.

Exhaustiveness: In the process of preparing this report, the coverage and scope thereof was clearly defined, giving priority to information considered to be material and including all significant events that took place in 2020, without omitting information of relevance to our stakeholders.

[102-48], [102-49]

The scope of the report was determined along with its content. In 2018 and 2019, ACS Group companies took part in transformation processes which have involved organisational and administrative changes, which resulted in a change in the scope of certain indicators. Likewise, 50% of Thiess was sold in 2020, as reflected in Note 02.02 of the 2020 annual accounts of the ACS Group. Annex 7.3.4 indicates the scope and coverage of each of the indicators reported. In addition, if there are any significant changes in coverage, they must be indicated in these chapters.

The relevant issues, the indicators included herein and the issues covered by the 2020 Annual Integrated Report offer an overview of the significant impacts on the economic, social and environmental fields and on the ACS Group's activities.

[102-46]

PRINCIPLES TO DETERMINE THE QUALITY OF THE REPORT:

Accuracy and clarity: This report contains tables, graphs and diagrams, the purpose of which is to make the report easier to understand. The information included in the report is meant to be clear and accurate in order to be able to assess the ACS Group's actions. In addition, the use of technical terms whose meaning may be unknown to stakeholders has been avoided as much as possible.

Balance: This report includes both positive and negative aspects, in order to present an unbiased image and enable stakeholders to reasonably assess the Company's actions.

[102-46], [102-48], [102-49]

Comparability: As far as possible, the information included in this report has been organised in such a manner that stakeholders may interpret the changes undergone by the ACS Group with respect to previous years. Certain figures for 2019 have been recalculated with the same scope as those reported in 2020 so that, whenever possible, they can be more comparable. In regard to indicators that indicate that "it was not possible to recalculate the figures retroactively for certain indicators", the historically reported data is included for the purposes of information.

Reliability: the reliability of the information included in this 2020 Annual Integrated Report in regard to corporate social responsibility was checked by KPMG, the firm responsible for its verification. The assurance letter can be found on page 280-281.

Timeliness: The ACS Group is required report the Group's performance on an annual basis. This Report relates to the Group's actions and activities in 2020 in the economic, social and environmental fields.

7.2 IDENTIFICATION OF RELEVANT ISSUES

[102-46] ,[102-47]

Following the principles established by the GRI Standards to define the content of the 2020 Integrated Report, the ACS Group carried out a materiality analysis that identifies the relevant issues.

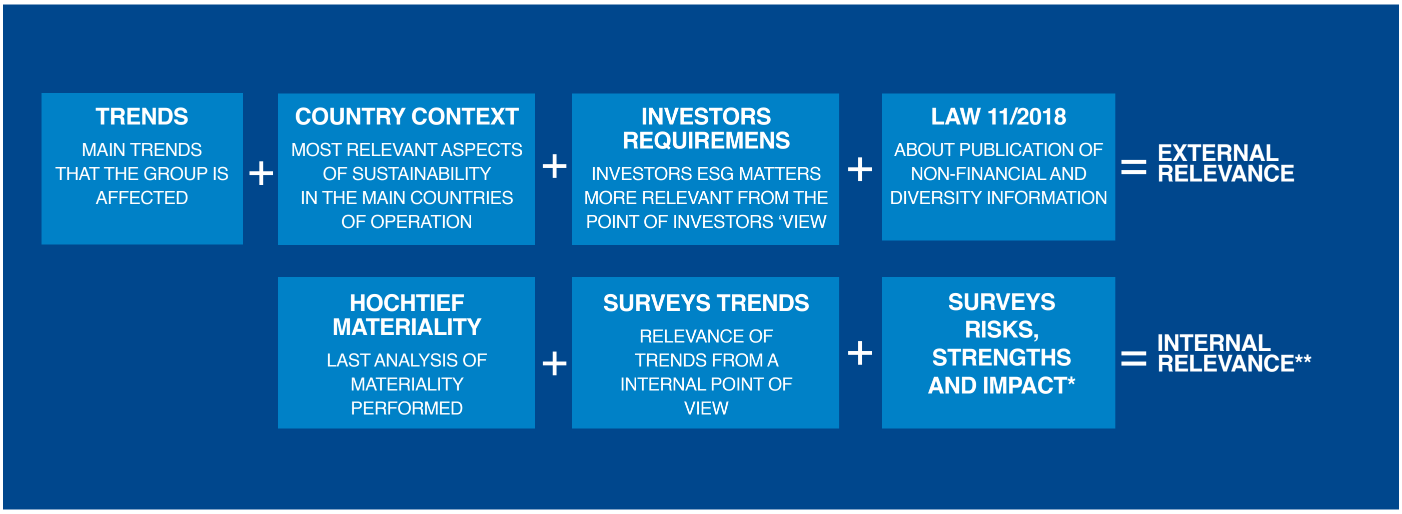
In this regard, a process was carried out in 2019 to update the materiality analysis. Although a comprehensive review of the materiality analysis was not carried out in 2020, ACS did carry out a consistency analysis on the results of the analysis to ensure that they are aligned with the current needs and expectations of the stakeholders and the Group, taking into account the change of context in the last year caused by the COVID-19 health crisis.

The updating of the materiality process in 2019 consisted of a review of the list of relevant issues, originally identified in 2015, using it as the basis and updating it through an external desk study.

The **external valuation analysis** consisted of a review of public sources and international reference bodies to identify the main trends and challenges affecting the sector. Furthermore, from the external perspective, the main aspects assessed by investors in financial and non-financial issues were considered. In regard to the analysis of the risks and opportunities present in the different markets, the analysis carried out in 2015 was considered still valid and was updated only briefly. It also emphasised the regulatory changes introduced in the reporting of non-financial information and diversity (Law 11/2018).

[102-44]

For the **internal valuation analysis**, the materiality study carried out by HOCHTIEF was taken into account. Likewise, the results of surveys carried out in 2018 in different areas of the company were taken into account in terms of their perception of the relevance of the different trends identified and the identification of the main risks for the company, as well as the expansion made in 2019 with the consultation of the main banks, financial institutions, investors and analysts with which the parent company of the ACS Group maintains relations. Likewise, in these internal surveys, the relevance of the issues based on the Group's strengths in the management of each issue and their potential impact.



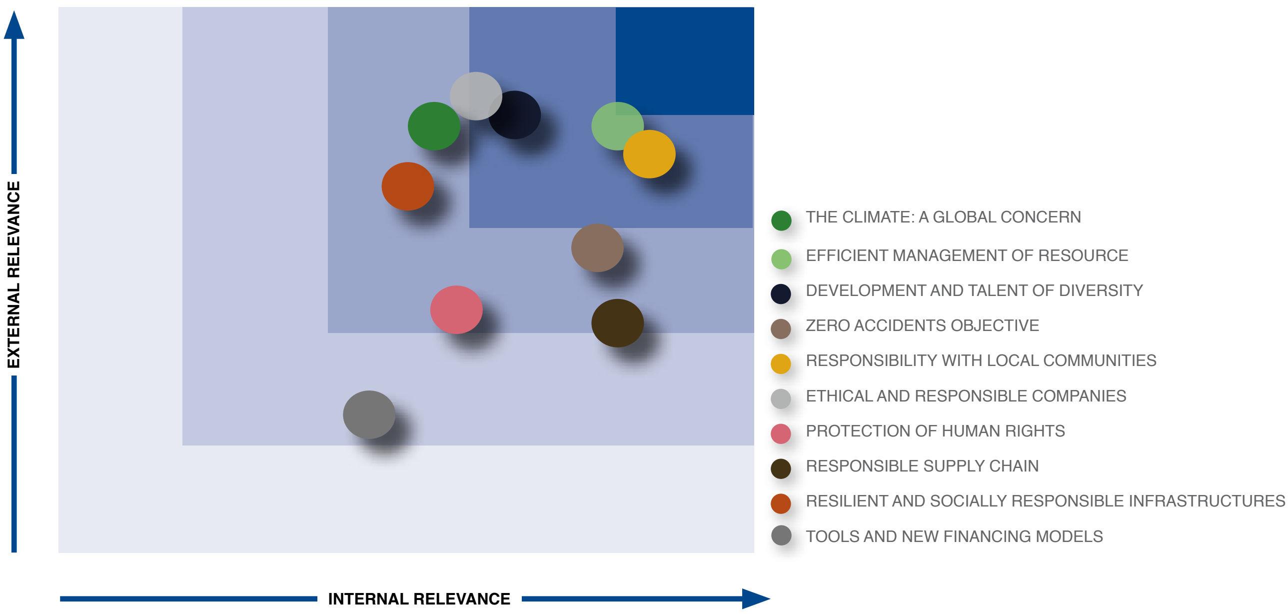
*The results of surveys carried out in 2018 to different areas of the company have been considered in terms of their perception of the relevance of the different trends identified and the identification of the main risks for the company, as well as the analysis carried out in 2019 with the consultation of the main banks, financial institutions, investors and analysts with whom the parent company of the ACS Group is related.

**The Materiality study conducted in 2015 was taken into account to adjust the results in order to avoid a great disruption between the materiality of 2015 and the current one.

[102-47], [103-1]

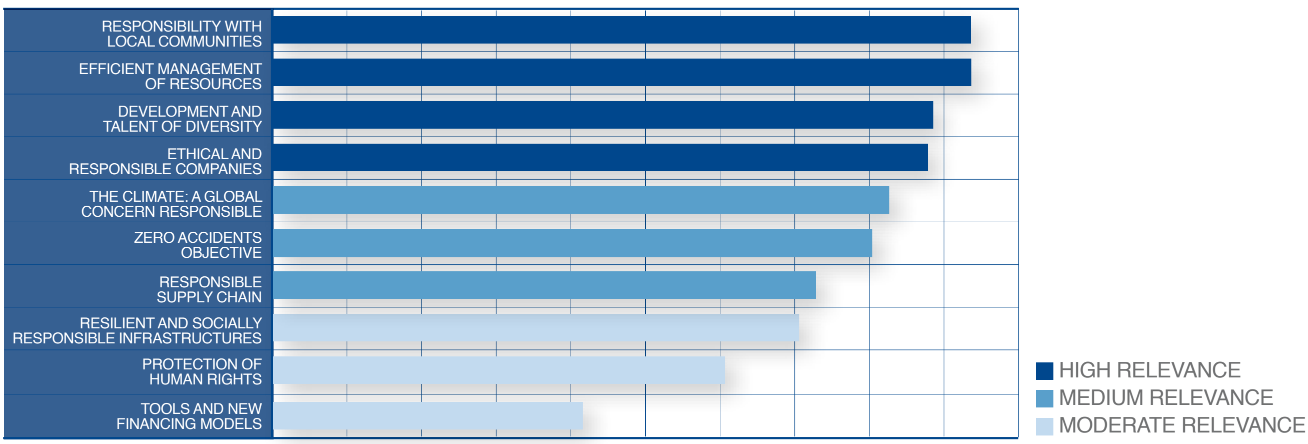
The results of weighting the topics identified both at an internal and external level were used to design a materiality matrix representing the results obtained in accordance with their external and internal relevance, identifying the ten relevant issues for the ACS Group, which are described below:

MATERIALITY MATRIX



[102-47], [102-44]

The ten material issues identified in the materiality matrix have been ordered in a hierarchy according to their overall relevance, as shown in the following table:



The importance of the issues was also identified for each of the main countries in which the Group operates and for each of its business areas, identifying a series of specific sub-issues for each material topic. Although these issues were considered relevant for the ACS Group, an assessment was also made of the importance of each of these issues for each Group business; Construction, Industrial Services and Services.

The issues identified as relevant, the specific sub-issues assessed and the risks associated with the Integrated Report, as well as the management policies and approach of the ACS Group, are as follows:

[102-44], [102-47]

RESPONSIBILITY WITH LOCAL COMMUNITIES

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
100%	89%	

ASSOCIATED RISKS AND OPPORTUNITIES

The company's activity may give rise to risks due to opposition from communities to the execution of projects or due to a negative perception of the management. This could jeopardise the Group's reputation and the social license to operate. It is therefore important to foster ongoing dialogue with the community and provide tools to facilitate proactive and open communication and involvement of communities from the start of the projects. If at the same time jobs are created and local business and industrial fabric is boosted, it will increase efficiency and reduce costs. By appropriately managing local expectations and driving local development, the project can become a source of pride for the community.

SUB-ISSUES CONSIDERED

- Social and environmental impact assessments of projects.
- Proactive dialogue with the community and communication tools.
- Contribution to the well-being of local communities.
- Measures for community health and safety.
- Training and transfer of knowledge to the local business fabric.
- Economic value generated and distributed.

MANAGEMENT FOCUS

The Group encourages a proactive dialogue with the community through those responsible for the specific companies and projects.

ACS seeks to contribute value to the communities through its business strategy, and in the current context, in which the health crisis has seriously damaged the economic and social fabric, ACS's commitment to economic and social progress in the countries in which it operates is more important than ever. This commitment is laid out in an Action Plan that defines the procedures in the different businesses: responsibilities, areas and geography of action, project categories, contribution types and monitoring models.

The ACS Foundation reinvests part of the Group's profits in society, through patronage, sponsorship and other programs.

APPLICABLE POLICIES

- Code of Conduct.
- Code of Conduct for Business Partners.
- The ACS Group's Social Action Policy.
- Sustainability Policy.
- Human Rights Policy.
- Corporate Protocol for Due Diligence in the area of Human.

INFRASTRUCTURE
INDUSTRIAL SERVICES
SERVICES
HIGH RELEVANCE
MEDIUM RELEVANCE

EFFICIENT MANAGEMENT OF RESOURCES

RELEVANCE

INTERNAL 93% | EXTERNAL 93%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Inefficient management of resources can significantly increase construction and management costs, negatively affecting the agreements reached with the client. Similarly, the improper management of natural capital, in addition to having a direct impact on the ecosystems in which the Group carries out its activities, may harm its reputation. On the other hand, responsible and sustainable management of resources reduces costs for the company and improves the company's perception and legitimacy.

SUB-ISSUES CONSIDERED

- Responsible environmental management and awareness.
- Resources devoted to environmental risk prevention.
- Circular economy: reduction, reuse and recycling. Use of efficient, environmentally-friendly and long-lasting materials.
- Efficient water and energy management.
- Innovation and new efficient technologies.

MANAGEMENT APPROACH

The Group's 20-20 plan defines its commitment and objectives for the improvement of eco-efficiency and use of resources. Each company develops policies and plans to comply with ISO 14001. The environmental priorities of each activity include improvement objectives and programmes, the supervision of which is the responsibility of the management of the Environment of the group of companies.

APPLICABLE POLICIES

- Environmental policy.
- Construction Materials Policy.
- Sustainability Policy.

DEVELOPING TALENT AND DIVERSITY

RELEVANCE

INTERNAL 75% | EXTERNAL 97%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Having a pluralistic environment, where diversity and equal opportunities take precedence, offers competitive advantages for companies, such as loyalty and productivity for employees. Furthermore, the increasing complexity of projects and the new requirements of the sector - for example, energy efficiency and sustainability standards and certifications in construction - require greater knowledge and specialisation. If these are not acquired quickly, the company will be at a disadvantage in regard to its the competitors, to the detriment of the business. Nevertheless, efforts at attracting and retaining talent, and the commitment to training, help ACS stay at the forefront.

SUB-ISSUES CONSIDERED

- Contribution to economic development and job creation.
- Remuneration, type of employment contract and distribution in the workforce.
- Strategies for attracting, developing and retaining talent.
- Measures for social dialogue, organisation, flexibility and work-life balance.
- Policies, plans and measures for diversity and equality between men, women and persons with disabilities.

MANAGEMENT APPROACH

The 20-20 Plan includes a commitment to improving professional performance by increasing investment in training.
Within this common framework, each company manages the development of its professionals in accordance with its specific needs, taking into account the Group's policy. They define training and professional and personal development programs, and assess their impact on participants.
The change in people management models, as a result of the impact of the COVID-19 pandemic, led to the need to adapt in-person training plans to new online training courses.

APPLICABLE POLICIES

- Code of Conduct.
- Human Rights Policy.
- Diversity Policy.
- Talent Development and Assessment Policy.
- Sustainability Policy.

ETHICAL AND RESPONSIBLE COMPANIES

RELEVANCE

INTERNAL	EXTERNAL
71%	100%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Organisations that do not comply with the highest ethical standards and that do not conduct themselves with integrity may harm their reputations. A governance model based on professional and ethical criteria, adequate and controlled risk management, is expected. ACS must therefore have the means necessary to fight corruption, fraud and bribery. It must compete fairly in the market, comply with tax obligations in all jurisdictions and demonstrate good practices such as tax transparency and collaboration with the corresponding tax authorities.

SUB-ISSUES CONSIDERED

- Compliance policies and systems.
- Mechanisms to prevent corruption and fight against money laundering, such as complaints channels.
- Transparency in tax policy, tendering processes and contributions to foundations.
- Corporate Governance.

MANAGEMENT APPROACH

To guarantee the principles of transparency, ethics and integrity, the ACS Group has the Ethics Channel, the Code of Conduct and the Monitoring Committee to ensure compliance, as well as the Compliance Committee. The 20-20 Plan includes the commitment to these principles through objectives that prevent and eradicate improper practices.

ACS has developed and adapted its regulatory bodies and compliance management systems to obtain certification under UNE 19601 and UNE-ISO 37001.

APPLICABLE POLICIES

- Corporate Tax Policy, Internal Financial Reporting Control System (IFRCS).
- Enforcement and anti-bribery policy.
- Treasury stock, Rules of Conduct in the Stock Exchange.
- Sustainability Policy.
- Code of Conduct.
- Code of Conduct for Business Partners.
- Human Rights Policy.
- Corporate Protocol for Due Diligence in the area of Human Rights.

OBJECTIVE: ZERO ACCIDENTS

RELEVANCE

INTERNAL	EXTERNAL
90%	66%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Despite the progress made in the infrastructure and services sector, the frequency indices in accident rate ratios remain higher than in the other sectors, negatively affecting the perception of the stakeholders. This fact, together with the costs associated with the employee accident rate and low productivity, negatively affects the companies. To avoid this, have proper management of health and safety is vital, improving metrics, reducing operational costs and improving reputation.

SUB-ISSUES CONSIDERED

- Health and safety standards, also required for the supply chain.
- Zero-accident policies: mitigation plans and reduction targets.
- Safety and health training and awareness.
- Monitoring of accident rates, frequency and severity indicators.

MANAGEMENT APPROACH

The 20-20 Plan is committed to reducing the accident rate among employees.

To achieve this global commitment, each company independently manages health and safety, planning and implementing activities and measures such as periodic risk assessments and the definition of prevention plans with annual objectives. Most companies have a management system to comply with the action plans approved by senior management. The Group collaborates with specialised organisations and participates in congresses on this matter.

The health crisis arising from COVID-19 made health and safety issues even more important. As a result of the impact of the pandemic, many measures and actions were required to be able to carry out the different activities of the Group without putting the health and safety of employees and stakeholders at risk.

APPLICABLE POLICIES

- Sustainability Policy.
- Code of Conduct.
- Code of Conduct for Business Partners.

THE CLIMATE: GLOBAL CONCERN

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
77%	92%	

ASSOCIATED RISKS AND OPPORTUNITIES

The ACS Group faces physical risks arising from climate change (for example, natural disasters), as well as transition risks arising from regulatory changes (stringent green energy targets, efficiency and reduction of emissions by governments), technological changes or new market preferences. However, climate change also offers opportunities, such as developing resilient infrastructure or developing products and services that contribute to the decarbonisation of the economy. In this regard, it is important to highlight that stakeholders such as the investment community are giving growing importance to managing these risks and opportunities, due to their potential impact on the income statement.

SUB-ISSUES CONSIDERED

- Climate change mitigation and adaptation policies, strategies and resources.
- Pollution prevention and reduction measures.
- Efficient technologies and renewable resources.
- Targets for reduction of pollutant emissions.
- Carbon pricing.

MANAGEMENT APPROACH

The Group's 20-20 plan defines its commitment and objectives for the improvement of eco-efficiency and use of resources. The ACS Board of Directors has overall responsibility for the climate change strategy.

Each company is responsible for keeping an inventory of emissions, identifying main sources and developing initiatives to reduce them. The Group offers its customers construction products and services that help to promote a low carbon economy.

APPLICABLE POLICIES

- Environmental policy.
- Construction Materials Policy.
- Sustainability Policy.

RESPONSIBLE SUPPLY CHAIN

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
96%	49%	

ASSOCIATED RISKS AND OPPORTUNITIES

Poor practices by a company's suppliers pose a potential risk that, if it were to materialise, could hinder its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and to constantly improve its performance. Supplier and contractor management systems allow the Group to mitigate the potential risks by improving the processes and working conditions, thus benefiting all parties.

SUB-ISSUES CONSIDERED

- Procurement policy that considers ESG aspects.
- Preparation of procedures and codes for suppliers.
- Classification, assessment and approval of suppliers based on risk.
- Systems for measuring achievement of the responsible objectives.
- Corrective measures in the event of non-compliance.

MANAGEMENT APPROACH

All of the Group's companies have specific rules and a formal system for classifying, approving and controlling the risk of suppliers and subcontractors, which considers, among other aspects, non-financial - environmental and social - criteria, and that establishes corrective measures in the event of non-compliance.

Likewise, collaboration between all of the agents in the supply chain, adopting responsible practices, has proved decisive during the pandemic.

APPLICABLE POLICIES

- Code of Conduct for Business Partners.
- Sustainability Policy.
- Human Rights Policy.
- Corporate Protocol for Due Diligence in the area of Human Rights.

RESILIENT AND SOCIALLY-RESPONSIBLE INFRASTRUCTURE

RELEVANCE

INTERNAL	EXTERNAL
62%	80%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

The increasingly frequent extreme weather events, the scarcity of natural resources, the social state and context of the territory are conditioning factors for the Group's activities. ACS must work on designing and implementing resilient, sustainable and environmentally-friendly infrastructure. It must develop projects that involve sustainable management of resources for the client, responding to a growing demand. This opportunity is presented in emerging countries, with high demand for infrastructure, and in developed countries, with the adaptation and maintenance of existing infrastructure.

SUB-ISSUES CONSIDERED

- Resilience of infrastructure to climate change.
- Sustainable and environmentally-friendly projects and services.
- Measures adopted to preserve, reduce and restore the impact on biodiversity.
- Making customers aware of long-lasting and efficient construction.

MANAGEMENT FOCUS

The ACS Group, through its different activities, provides services that help create more efficient and sustainable infrastructure and cities - sustainable construction, construction of public transport systems, traffic management services, etc.

ACS offers customers the use of recycled and/or certified construction materials. Projects of Hochtief, Turner, CIMIC and Dragados comply with different sustainable construction certification requirements, as well as CEEQUAL, ISCA and Greenroads, in terms of efficient infrastructure. The Group also develops different innovation projects to develop new, more resilient and efficient materials.

APPLICABLE POLICIES

- Environmental policy.
- Construction Materials Policy.
- Sustainability Policy.

PROTECTION OF HUMAN RIGHTS

RELEVANCE

INTERNAL	EXTERNAL
68%	53%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

If systemic violations of human rights occur in certain countries, then protection policies must be applied in a robust and uniform manner, and they must be applied across the entire supply chain. ACS must become an active agent that protects human rights within its sphere of influence, implementing measures and mechanisms to verify compliance with its commitments in all of its activities. Inadequate implementation of monitoring systems can overlook human rights violations that have a significant impact on the company's reputation and that jeopardise its corporate license to operate.

SUB-ISSUES CONSIDERED

- Human Rights Policy.
- Due diligence procedures in regard to human rights, risk prevention and measures to counteract possible abuse.
- Human rights training.
- Reports of cases of violations.

MANAGEMENT FOCUS

The 20-20 Plan includes the Group's commitment to train its employees in regard to human rights, ethics or integrity.

The Code of Conduct includes the principles of the United Nations Global Compact. The Group is complying with a due diligence process to identify, prevent, mitigate and report the adverse consequences on human rights. It has developed and adapted internal regulations and management systems, including evaluations and preventive measures to comply with the regulatory aspects in regard to human rights.

APPLICABLE POLICIES

- Human Rights Policy.
- Corporate Protocol for Due Diligence in the area of Human Rights.
- Code of Conduct.
- Universal Declaration of Human Rights, United Nations Ruggie Report.
- Sustainability Policy.

NEW FINANCING MODELS AND TOOLS

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
53%	30%	

ASSOCIATED RISKS AND OPPORTUNITIES

The wide variety of financing tools, initiatives and organisations for investment in infrastructure: multilateral entities, institutional investors, pension funds, sovereign funds and smaller agents, opens up a range of opportunities for companies in the sector, which must remain attentive to the proposals for new projects. Failure to promptly adapt to these new models or to have the necessary tools leads to a potential loss of business opportunities and a risk for companies if they are not recognised by stakeholders as innovative agents and pioneers of 'green' projects.

SUB-ISSUES CONSIDERED

- Public-private alliances.
- Search for local partners.
- Sustainable financing.
- Financial solvency and robustness.
- Public subsidies received.

MANAGEMENT FOCUS

The Group looks for opportunities in markets that are in conditions that are favourable for investment, from the point of view of security at the administrative, financial and legal levels. To do this, it engages in public-private projects - as a good alternative in infrastructure development - and follows state investment and development plans.

APPLICABLE POLICIES

- n/a.

7.3 NON-FINANCIAL INFORMATION ANNEXES

7.3.1 GRI CONTENT INDEX

This report was prepared in accordance with the Exhaustive option of the GRI Standards. For *Materiality Disclosures Services*, GRI Services reviewed the GRI content index to ensure that it is clear, and that the references for Contents 102-40 to 102-49 correspond to the sections indicated in the report.

GRI MATERIALITY DISCLOSURES SERVICE 2021

GRI content index

GRI Standard	Disclosure	Page number (s) and/or URL (s)	Omissions	External verification
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organisational profile	102-1 Name of the organisation	24		Yes (280-281)
	102-2 Activities, trademarks, products and services	24-25, 124		Yes (280-281)
	102-3 Location of the headquarters	24		Yes (280-281)
	102-4 Location of operations	26-27		Yes (280-281)
	102-5 Ownership and legal form	242		Yes (280-281)
	102-6 Markets served	26-27		Yes (280-281)
	102-7 Size of the organisation	24		Yes (280-281)
	102-8 Information on employees and other workers	160-161		Yes (280-281)
	102-9 Supply chain	212		Yes (280-281)
	102-10 Significant changes in the organisation and its supply chain	38-39		Yes (280-281)
	102-11 Precautionary principle or approach	130-131		Yes (280-281)
	102-12 External initiatives	273, 200		Yes (280-281)
	102-13 Membership associations	200		Yes (280-281)
Strategy	102-14 Statement from senior decision-makers	12-13		Yes (280-281)
	102-15 Key impacts, risks and opportunities	52-56, 126-127, 158-159, 175, 185, 197-198, 215		Yes (280-281)
Ethics and transparency	102-16 Values, principles, standards and norms of behaviour	26,27, 186-198		Yes (280-281)
	102-17 Advisory mechanisms and ethical concerns	194		Yes (280-281)
Governance	102-18 Governance structure	240-241		Yes (280-281)
	102-19 Delegating authority	240-241		Yes (280-281)
	102-20 Executive-level responsibility for economic, environmental and social topics	244-245		Yes (280-281)
	102-21 Consulting stakeholders on economic, environmental and social projects.	252-253		Yes (280-281)
	102-22 Composition of the highest governance body and its committees	16-17		Yes (280-281)
	102-23 Chair of the highest governance body	16-17		Yes (280-281)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Governance	102-24 Nomination and selection of the highest governance body	244		Yes (280-281)
	102-25 Conflicts of interest	241		Yes (280-281)
	102-26 Role of the highest governance body in setting purpose, values and strategy	244		Yes (280-281)
	102-27 Collective knowledge of the highest governance body	245		Yes (280-281)
	102-28 Evaluating the highest governance body's performance	244		Yes (280-281)
	102-29 Identifying and managing economic, environmental and social impacts.	52-56, 158-159, 175, 185, 197-198, 215		Yes (280-281)
	102-30 Effectiveness of risk management processes	52-56		Yes (280-281)
	102-31 Review of economic, environmental and social topics	Economic topics at least quarterly. Environmental and social topics, at least annually.		Yes (280-281)
	102-32 Role of the highest governance body in preparing sustainability reports	240-241		Yes (280-281)
	102-33 Communicating critical concerns	194-195, 199-200		Yes (280-281)
	102-34 Nature and total number of critical concerns	194-195		Yes (280-281)
	102-35 Remuneration policies	244, 246		Yes (280-281)
	102-36 Process for determining remuneration	246		Yes (280-281)
	102-37 Stakeholders' involvement in remuneration	246		Yes (280-281)
	102-38 Annual total compensation ratio	171		Yes (280-281)
	102-39 Percentage increase in annual total compensation ratio	171		Yes (280-281)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Stakeholder engagement	102-40 List of stakeholder groups	199-200		Yes (280-281)
	102-41 Collective bargaining agreements	174		Yes (280-281)
	102-42 Identifying and selecting stakeholders	199-200		Yes (280-281)
	102-43 Approach to stakeholder engagement	199-200		Yes (280-281)
	102-44 Key issues and concerns raised	252-254		Yes (280-281)
Reporting practice	102-45 Entities included in the consolidated financial statements	9		Yes (280-281)
	102-46 Defining report content and topic Boundaries	250-252, 269-272		Yes (280-281)
	102-47 List of material topics	253		Yes (280-281)
	102-48 Restatements of information	251		Yes (280-281)
	102-49 Changes in reporting	251		Yes (280-281)
	102-50 Period covered by the report	9		Yes (280-281)
	102-51 Date of last report	Marzo 2020		Yes (280-281)
	102-52 Reporting cycle	251		Yes (280-281)
	102-53 Contact point for questions regarding the report	273		Yes (280-281)
	102-54 Claims of reporting in accordance with the GRI standards	9, 250, 260		Yes (280-281)
	102-55 GRI content index	260-265		Yes (280-281)
	102-56 External verification	280-281		Yes (280-281)
Material issues				
Zero accidents target				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	256, 176		Yes (280-281)
	103-2 Management approach and components	256		Yes (280-281)
	103-3 Evaluation of the management approach	176		Yes (280-281)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	178		Yes (280-281)
	403-2 Hazard identification, risk assessment and incident investigation	178		Yes (280-281)
	403-3 Occupational health services	178-179		Yes (280-281)
	403-4 Workers' participation, consultation and communication of occupational health and safety	174		Yes (280-281)
	403-5 Occupational Health and Safety training	180		Yes (280-281)
	403-6 Promotion of worker health	178-179		Yes (280-281)
	403-7 Prevention and mitigation impact on the health and safety of workers directly linked by business relationships	176		Yes (280-281)
	403-8 Workers covered by an occupational health and safety management system	178		Yes (280-281)
	403-9 Work-related injuries	181-184, 267-268		Yes (280-281)
	403-10 Occupational illnesses	181-184, 267		Yes (280-281)
G4 Sector Disclosure: Construction and Real Estate	CRE6 Percentage of the organisation that operates in accordance with internationally recognised and verified health and safety management systems	178		Yes (280-281)
Developing talent and diversity				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	255, 163-169		Yes (280-281)
	103-2 Management approach and components	255, 163-169		Yes (280-281)
	103-3 Evaluation of the management approach	163-169		Yes (280-281)
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	167		Yes (280-281)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	163-167		Yes (280-281)
	404-3 Percentage of employees receiving regular performance and career development reviews	166		Yes (280-281)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Responsible supply chain				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	257, 211-215		Yes (280-281)
	103-2 Management approach and components	257, 211-215		Yes (280-281)
	103-3 Evaluation of the management approach	257, 211-215		Yes (280-281)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	212		Yes (280-281)
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	26,36%		Yes (280-281)
	308-2 Negative environmental impacts in the supply chain and actions taken	213-214		Yes (280-281)
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	26,36%		Yes (280-281)
	414-2 Negative social impacts in the supply chain and actions taken	213-214		Yes (280-281)
Responsibility to local communities				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	26, 254, 202-210		Yes (280-281)
	103-2 Management approach and components	26, 254, 202-210		Yes (280-281)
	103-3 Evaluation of the management approach	26, 202-210		Yes (280-281)
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	25,74%		Yes (280-281)
	413-2 Operations with significant potential impacts or actual negative impacts on local communities	0,00%		Yes (280-281)
G4 Sector Disclosure: Construction and Real Estate	CRE7 Number of persons voluntarily or unintentionally displaced or resettled, broken down by project	Not available		No
Efficient management of resources				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	255, 130-132, 141-153		Yes (280-281)
	103-2 Management approach and components	255, 130-132, 141-153		Yes (280-281)
	103-3 Evaluation of the management approach	130-132, 141-153		Yes (280-281)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	147, 266		Yes (280-281)
	301-2 Recycled inputs	266		Yes (280-281)
	301-3 Reused products and packaging materials	143-147		Yes (280-281)
GRI 302: Energy 2,016	302-1 Energy consumption within the organisation	141, 266		Yes (280-281)
	302-2 Energy consumption outside the organisation	141, 266		Yes (280-281)
	302-3 Energy intensity	141		Yes (280-281)
	302-4 Reduction in energy consumption	141		Yes (280-281)
	302-5 Reduction in energy requirements for products and services	141-142		Yes (280-281)
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	150-153		Yes (280-281)
	303-2 Management of water discharge-related impacts	150-153		Yes (280-281)
	303-3 Water withdrawal	150		Yes (280-281)
	303-4 Water discharge	150		Yes (280-281)
	303-5 Water consumption	150-151		Yes (280-281)
GRI 306: Water 2016	306-1 Water discharge by quality and destination	150		Yes (280-281)
	306-2 Waste by type and disposal method	148-149		Yes (280-281)
	306-3 Significant spills	In 2020, there were 9 significant spills		Yes (280-281)
	306-4 Transport of hazardous waste	148		Yes (280-281)
	306-5 Water bodies affected by water discharges and/or run-off	Information is not available	We do not have the systems for managing and recording this indicator. Measures will be taken to improve this.	No

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/ or URL (s)**	**Omissions**	**External verification**
G4 Sector Disclosure: Construction and Real Estate	CRE1 Building energy intensity.	Complete information on this indicator is not available	Only partial information on this indicator is collected. Page 133-142	No
	CRE2 Building water intensity	Complete information on this indicator is not available	Only partial information on this indicator is collected. Page 150-153	No
	CRE5 Remediated land and land that needs remediation due to the existing or expected uses of the land, in accordance with the applicable legal requirements	Complete information on this indicator is not available	Only partial information on this indicator is collected. Page 154-157	No
	CRE8 Type and number of certificates, qualifications or sustainability labels for new construction, management, occupation or restoration	134, 137-138		Yes (280-281)
The climate: global concern				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	257, 130-140		Yes (280-281)
	103-2 Management approach and components	257, 130-140		Yes (280-281)
	103-3 Evaluation of the management approach	130-140		Yes (280-281)
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	135		Yes (280-281)
	305-2 Energy indirect (scope 2) GHG emissions	135		Yes (280-281)
	305-3 Other indirect (scope 3) GHG emissions	135		Yes (280-281)
	305-4 GHG emissions intensity	135		Yes (280-281)
	305-5 Reduction of GHG emissions	135		Yes (280-281)
	305-6 Emissions of ozone-depleting substances (ODS)	266		Yes (280-281)
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	266		Yes (280-281)
G4 Sector Disclosure: Construction and Real Estate	CRE3 Greenhouse gas emissions intensity from buildings.	Complete information on this indicator is not available	Only partial information on this indicator is collected. Page 135	No
	CRE4 Greenhouse gas emission intensity from new construction and restoration activities	135		Yes (280-281)
Protection of human rights				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	258, 192		Yes (280-281)
	103-2 Management approach and components	258, 192		Yes (280-281)
	103-3 Evaluation of the management approach	192		Yes (280-281)
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	192		Yes (280-281)
	412-2 Training employees on human rights policies or procedures	196		Yes (280-281)
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	192		Yes (280-281)
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	174, 192		Yes (280-281)
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	192		Yes (280-281)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/ or URL (s)**	**Omissions**	**External verification**
Ethical and responsible companies				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	256, 186-198		Yes (280-281)
	103-2 Management approach and components	256, 186-198		Yes (280-281)
	103-3 Evaluation of the management approach	186-198		Yes (280-281)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	190-191		Yes (280-281)
	205-2 Communication and training on anti-corruption policies and procedures	196		Yes (280-281)
	205-3 Confirmed incidents of corruption and actions taken	No cases of corruption were detected in 2020		No
GRI 206: Anti-unfair competition 2016	206-1 Legal actions relating to anti-competitive behaviour, anti-trust and monopoly practices	11 cases		Yes (280-281)
Resilient and socially-responsible infrastructure				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	258, 130-149, 222-231		Yes (280-281)
	103-2 Management approach and components	258, 130-149, 222-231		Yes (280-281)
	103-3 Evaluation of the management approach	137-139, 130-149		Yes (280-281)
New financing models and tools				
GRI 103: 2016 management approach	103-1 Explanation of the material topic and its boundary	259		Yes (280-281)
	103-2 Management approach and components	259		Yes (280-281)
	103-3 Evaluation of the management approach	259		Yes (280-281)

7.3.2. ADDITIONAL INDICATORS

ENVIRONMENT

(301-1 y 301-2) Total materials used and percentage of materials recycled	2019	2020
Total wood purchased (m^3)	2.236.064	**1.152.348**
Percentage of certified wood [1]	36,0%	**33,6%**
Total steel purchased (t)	637.769	**546.515**
Percentage of recycled steel [2]	41,0%	**63,1%**
Total concrete purchased (m^3)	6.064.660	**3.706.055**
Percentage of cement/concrete with recycled aggregate	49,6%	**11,5%**
Total glass purchased (m^2) [3]	208.264	**86.848**
Percentage of glass recycled [4]	0,4%	**0,4%**

1. Scope of procurement expenditure data of 17.87% in 2019 and 16.67% in 2020.
2. Scope of procurement expenditure data of 17.94% in 2019 and 16.67% in 2020.
3. Scope of procurement expenditure data of 62.1% in 2019 and 16.21% in 2020.
4. Scope of procurement expenditure data of 62.13% in 2019 and 66.25% in 2020.

Other atmospheric emissions (kg)	2019	2020
Amount of significant atmospheric emissions, in kg of NOx.	12.151.471	**10.865.972**
Amount of significant atmospheric emissions, in kg of SOx.	6.668	**6.401**
Amount of significant atmospheric emissions, in kg of other significant atmospheric emissions.	941.292	**855.196**

For the calculation of significant air emissions of NOx, SOx and other (NMVC), the fuel, electricity and kilometres travelled conversion factors of the European Environment Agency (EEA) published in 2019 were used as a reference.

(302-1) Energy consumption by source	2017	2018	2019	2020
Total ACS Group				
Petrol + Diesel (million liters)	928	1.138	1.189	**1.064**
Liquefied Petroleum Gas (million liters)	nd	0,25	1,17	**3,17**
Natural Gas (kWh)	25.007.499	37.983.207	40.653.763	**32.351.560**
Biofuel (million liters)	0,0	0,1	0,7	**0,4**
Electricity (MWh)	660.173	516.211	574.170	**429.921**
Electricity from renewable sources (MWh)	28.357	23.771	63.323	**64.246**
Infrastructure				
Petrol + Diesel (million liters)	906	1.103	1.148	**1.026**
Liquefied Petroleum Gas (million liters)	nd	0,00	0,83	**2,79**
Natural Gas (kWh)	3.633.455	9.348.439	9.510.479	**6.608.569**
Biofuel (million liters)	0,0	0,1	0,7	**0,4**
Electricity (MWh)	537.996	382.747	397.647	**361.320**
Electricity from renewable sources (MWh)	26.682	20.539	29.689	**23.872**
Industrial Services				
Petrol + Diesel (million liters)	19	31	37	**35**
Liquefied Petroleum Gas (million liters)	nd	0,24	0,32	**0,28**
Natural Gas (kWh)[1]	59.044	189.321	2.952.876	**58.814**
Biofuel (million liters)	0,0	0,0	0,0	**0,0**
Electricity (MWh)	96.488	109.512	146.753	**41.347**
Electricity from renewable sources (MWh)	1.667	876	6.193	**13.177**
Services				
Petrol + Diesel (million liters)	4	4	3	**3**
Liquefied Petroleum Gas (million liters)	nd	0,01	0,02	**0,10**
Natural Gas (kWh)	21.976.351	28.445.447	28.190.408	**25.684.178**
Biofuel (million liters)	0,0	0,0	0,0	**0,0**
Electricity (MWh)	25.689	23.952	29.770	**27.255**
Electricity from renewable sources (MWh)	9	2.356	27.441	**27.198**

1. In relation to natural gas consumption, and for fiscal year 2020, there has been a change in the criteria for accounting for Manchasol's natural gas consumption, as it has been considered that it is not its own consumption.

HEALTH AND SAFETY

	2017	2018	2019	2020
Total number of hours worked	352.572.161	374.536.406	404.419.164	**359.674.790**
Total number of hours worked (Men)	nd	252.561.561	262.081.851	**227.384.757**
Total number of hours worked (Women)	nd	121.974.819	142.337.312	**132.290.033**
Total number of accidents with time off from work	4.318	4.166	4.232	**3.258**
Total number of accidents with time off from work (Men)	nd	1.495	1.443	**1.257**
Total number of accidents with time off from work (Women)	nd	2.671	2.846	**2.001**
Fatal accidents for own employees	1	4	4	**9**
Fatal accidents for own employees (Men)	nd	4	4	**9**
Fatal accidents for own employees (Women)	nd	0	0	**0**
Fatal accidents for contractor employees	2	7	4	**5**
Total number of occupational disease cases (employees)	65	104	150	**81**
Total number of occupational disease cases (Male employees)	nd	74	107	**50**
Total number of occupational disease cases (Female employees)	nd	30	44	**31**
Frequency Index of Occupational Disease (employees)	0,184	0,278	0,371	**0,225**
Frequency Index of Occupational Disease (Male employees)	nd	0,293	0,408	**0,220**
Frequency Index of Occupational Disease (Female employees)	nd	0,246	0,309	**0,234**
Total number of occupational disease cases (contractors)	0	6	1	**0**
Frequency Index of Occupational Disease (contractors)	0	0,002	0,002	**0,000**
Percentage of days lost due to absenteeism	1,5%	1,3%	1,3%	**1,9%**

(403-4) HEALTH AND SAFETY INDICATORS	2019	2020
Total ACS Group		
Percentage of workers represented on formal joint health and safety committees for management and employees	80,84%	**82,22%**
Health and safety issues covered in formal agreements with trade unions	99,59%	**95,32%**
Infrastructure		
Percentage of workers represented on formal joint health and safety committees for management and employees	92,36%	**91,47%**
Health and safety issues covered in formal agreements with trade unions	99,87%	**93,89%**
Industrial Services		
Percentage of workers represented on formal joint health and safety committees for management and employees	85,52%	**89,25%**
Health and safety issues covered in formal agreements with trade unions	98,35%	**89,32%**
Services		
Percentage of workers represented on formal joint health and safety committees for management and employees	67,00%	**70,00%**
Health and safety issues covered in formal agreements with trade unions	100,00%	**100,00%**

(403-9) WORK-RELATED INJURIES. EMPLOYEES	2019	2020
Number of deaths resulting from work-related injuries	4	**9**
Infrastructure	0	**5**
Industrial Services	4	**4**
Services	0	**0**
Death rate resulting from work-related injuries(1)	**0,01**	**0,03**
Infrastructure	0,00	**0,03**
Industrial Services	0,04	**0,05**
Services	0,00	**0,00**
Number of work-related injuries with significant consequences	**35**	**21**
Infrastructure	5	**3**
Industrial services	24	**12**
Services	6	**6**
Rate of work-related injuries with significant consequences (2)	**0,09**	**0,06**
Infrastructure	0,03	**0,02**
Industrial services	0,22	**0,05**
Services	0,05	**0,14**
Number of recordable work-related injuries	**9.808**	**7.459**
Infrastructure	747	**488**
Industrial services	1.980	**1.516**
Services	7.081	**5.455**
Rate of recordable work-related injuries(3)	**4,85**	**4,15**
Infrastructure	0,90	**0,66**
Industrial services	3,68	**3,49**
Services	10,86	**8,73**

(403-9) WORK-RELATED INJURIES CONTRACTORS	2019	2020
Number of deaths resulting from work-related injuries	4	**5**
Infrastructure	4	**2**
Industrial services	0	**3**
Services	0	**0**
Death rate resulting from work-related injuries(1)	**0,02**	**0,03**
Infrastructure	0,02	**0,01**
Industrial services	0,00	**0,06**
Services	0,00	**0,00**
Number of work-related injuries with significant consequences	**15**	**12**
Infrastructure	12	**9**
Industrial services	3	**3**
Services	0	**0**
Rate of work-related injuries with significant consequences (2)	**0,07**	**0,06**
Infrastructure	0,07	**0,06**
Industrial services	0,05	**0,06**
Services	0,00	**0,00**
Number of recordable work-related injuries	**759**	**1.147**
Infrastructure	509	**969**
Industrial services	250	**178**
Services	0	**0**
Rate of recordable work-related injuries(3)	**0,69**	**1,18**
Infrastructure	0,63	**1,33**
Industrial services	0,84	**0,73**
Services	0,00	**0,00**

(1) Number of deaths resulting work-related accidents per million hours worked.
(2) Number of work-related injuries with significant consequences per million hours worked.
(3) Number of recordable work-related injuries per two hundred thousand hours worked.

7.3.3. SCOPE OF THE DATA

[102-46]

ENVIRONMENT

% of turnover	2019	2020
Implementation of ISO 14001 certification	96,79%	**98,42%**
Implementation of other certifications	96,79%	**98,42%**
Projects registered and certified as per efficient construction certifications	100,00%	**100,00%**

% of turnover	2017	2018	2019	2020
Petrol (million litres)	97,52%	95,67%	96,79%	**98,42%**
Diesel (million litres)	97,52%	95,67%	96,79%	**98,42%**
LPG (million litres)	nd	95,67%	96,79%	**98,42%**
Natural gas (kWh)	96,94%	95,67%	96,79%	**98,42%**
Biofuel (million litres)	96,94%	95,67%	96,79%	**98,42%**
Electricity (MWh)	97,52%	95,67%	96,79%	**98,42%**
Electricity from renewable sources (MWh)	95,47%	95,67%	96,79%	**98,42%**
Business travel: total km travelled on short-haul flights (< 500 km)	96,94%	95,67%	96,79%	**98,42%**
Business Travel total km travelled on medium-haul flights (500 km < X < 1,600 km)	96,94%	95,67%	96,75%	**98,42%**
Business travel total km travelled on short-haul flights (< 1,600 km)	96,94%	95,67%	96,79%	**98,42%**
Business Travel Total km travelled in private vehicles for business purposes	96,31%	95,67%	96,79%	**98,42%**
Business Travel Total km travelled by train	96,94%	95,67%	96,79%	**98,42%**
Business Travel Total km travelled by boat	96,94%	95,67%	96,79%	**98,42%**
Others (t CO2eq)	94,17%	94,03%	96,79%	**98,36%**
Efficient use of water resources				
Water withdrawal (m^3)	62,10%	95,67%	95,81%	**98,36%**
Water withdrawal in water stress areas (m^3)	nd	nd	95,81%	**98,36%**
Water discharge (m^3)	nd	nd	95,81%	**98,36%**
Water discharge in water stress areas (m^3)	nd	nd	95,81%	**98,36%**
Waste management				
Non-hazardous waste generated (t)	95,61%	95,67%	96,75%	**98,36%**
Hazardous waste generated (t)	95,61%	95,67%	96,79%	**98,36%**

Atmospheric emissions (kg)	2019	2020
Quantity of significant atmospheric emissions, in kg of NOx	96,79%	**98,42%**
Amount of significant atmospheric emissions, in kg of SOx.	96,79%	**98,42%**
Quantity of significant atmospheric emissions, in kg, of other significant atmospheric emissions.	96,79%	**98,42%**

Materials (% of Group procurements)	2019	2020
Total wood purchased (m^3)	92,08%	**89,84%**
Percentage of certified wood	17,83%	**16,67%**
Total steel purchased (t)	97,78%	**89,66%**
Percentage of recycled steel	22,90%	**16,67%**
Total concrete purchased (m^3)	97,89%	**89,90%**
Percentage of cement/concrete with recycled aggregate	22,88%	**16,21%**
Total glass (m^2)	26,00%	**67,08%**
Percentage of recycled glass≠	25,23%	**66,25%**

[102-46]

PEOPLE

Total % of employees	2019	2020
Total employees	100,00%	**100,00%**
Local employees	98,15%	**96,35%**
Employees by area of activity	100,00%	**100,00%**
Personnel by professional category and area of activity	100,00%	**100,00%**
Breakdown by type of contract	100,00%	**100,00%**
Personnel by professional category and gender	100,00%	**100,00%**
Personnel by geographical area	100,00%	**100,00%**
Total staff turnover	98,15%	**97,32%**
Total turnover for men	98,15%	**97,32%**
Total turnover for women	98,15%	**97,32%**
Voluntary turnover	98,15%	**97,32%**
Voluntary turnover for men	98,15%	**97,32%**
Total turnover for women	98,15%	**97,32%**
Of the employees reported, number of women with a management position (construction/project manager or similar and superior)	98,15%	**97,32%**
Of the employees reported, number of men with a management position (construction/project manager or similar and superior)	98,15%	**97,32%**
Of the employees reported, number of women management positions	98,15%	**97,32%**
Of the employees reported, number of men management positions	96,78%	**97,32%**
Remuneration Directors and Executive Management	100,00%	**100,00%**
Average annual remuneration	98,12%	**97,32%**
Measures to promote equal treatment and opportunities for men and women	98,15%	**97,32%**
Protocols against sexual harassment	98,15%	**97,32%**
Measures to ensure equal opportunities and avoid discrimination in the selection process for any position	98,15%	**97,32%**
Disabled persons	78,98%	**79,95%**
Systems to ensure universal accessibility for employees	78,06%	**97,32%**
Work-family life balance measures	98,15%	**97,32%**
Percentage of men/women who return to work after paternity/maternity leave	98,15%	**97,32%**
Total number of absenteeism days	98,15%	**97,32%**
Employees affiliated with trade union organisations	76,05%	**76,69%**
Employees covered by collective bargaining agreements or by an independent trade union	98,15%	**97,32%**
Workers of the ACS Group represented on formal joint health and safety committees for management and employees	99,43%	**99,58%**
Safety and Health issues covered by agreements	98,54%	**99,48%**
Employees covered by a formal professional development system	98,15%	**97,32%**
Employees subject to performance evaluation processes	98,15%	**97,32%**
Employees covered by variable remuneration systems	98,15%	**97,32%**
Employees trained	98,15%	**97,32%**
Total teaching hours given	98,15%	**97,32%**
Investment in training (millions of euros)	98,15%	**97,32%**
Breakdown of hours by professional category	98,15%	**97,32%**

[102-46]

HEALTH AND SAFETY

% of employees	2017	2018	2019	2020
Percentage of total employees covered by OSHAS 18001 and ISO45001 certification	100,00%	99,94%	99,43%	**99,58%**
Total number of hours worked (own employees)	100,00%	99,94%	99,43%	**99,58%**
Total number of hours worked own employees (men)	N/A	99,94%	99,43%	**99,58%**
Total number of hours worked own employees (women)	N/A	99,94%	99,43%	**99,58%**
Total number of accidents with time off (own employees)	80,22%	99,94%	99,43%	**99,58%**
Total number of accidents with time off (men)	N/A	99,94%	99,43%	**99,58%**
Total number of accidents with time off (women)	N/A	99,94%	99,43%	**99,58%**
Total number of working days lost (own employees)	100,00%	99,94%	99,43%	**99,58%**
Total number of working days lost own employees (men)	N/A	99,94%	99,43%	**99,58%**
Total number of working days lost own employees (women)	N/A	99,94%	99,43%	**99,58%**
Total number of hours worked (contractors)	87,90%	91,30%	96,66%	**99,58%**
Total number of accidents with time off (contractors)	87,90%	99,94%	99,43%	**99,58%**
Total number of working days lost (contractors)	86,75%	91,30%	96,66%	**99,58%**
Own employee deaths due to work-related accidents	100,00%	99,94%	99,43%	**99,58%**
Own employee deaths due to work-related accidents (men)	N/A	99,94%	99,43%	**99,58%**
Own employee deaths due to work-related accidents (WOMEN)	N/A	99,94%	99,43%	**99,58%**
Contractor deaths due to work-related accidents	100,00%	99,94%	99,43%	**99,58%**
Investment in health and safety (millions of euros)	100,00%	99,94%	99,43%	**99,58%**
Total number of cases of occupational diseases (employees)	100,00%	94,11%	93,23%	**99,58%**
Total number of cases of occupational diseases (male employees)	N/A	94,11%	93,23%	**99,58%**
Total number of cases of occupational diseases (female employees)	N/A	94,11%	93,23%	**99,58%**
Total number of cases of occupational diseases (contractors)	96,61%	91,30%	90,46%	**90,45%**
Own employee deaths due to occupational illnesses	N/A	N/A	72,76%	**90,45%**
Contractor deaths due to occupational illnesses	N/A	N/A	72,76%	**90,45%**
Number of work-related injuries with significant consequences (employees)	N/A	N/A	72,76%	**74,97%**
Number of recordable work-related injuries (employees)	N/A	N/A	99,43%	**99,58%**
Number of work-related injuries with significant consequences (contractors)	N/A	N/A	72,76%	**74,97%**
Number of work-related injuries (contractors)	N/A	N/A	90,46%	**99,58%**

% of employees	2019	2020
Employees who have received health and safety training during the year (%)	99,43%	**99,58%**
Employees who have received health and safety training during their career with the company (%)	99,43%	**99,58%**
Percentage of workforce represented on formal joint health and safety committees for management and employees	99,43%	**99,58%**
Health and safety issues covered in official agreements with trade unions	98,54%	**98,62%**

COMPLIANCE

% of employees	2019	2020
Number of communications received and handled by the Ethics Channel	100,0%	**100,00%**
Scope of the training plans regarding the company's human rights, ethics, integrity, conduct or compliance procedures (% of employees)	98,15%	**99,26%**
Number of courses given with content covering the company's human rights, ethics, integrity, conduct or compliance procedures	98,15%	**99,26%**
Number of employees trained in Human rights, ethics, integrity, conduct or compliance procedures during the year	98,15%	**99,26%**
Training hours per trained employee	98,15%	**99,26%**
Lawsuits for human rights violations	100,00%	**100,00%**
Value of contributions to associations (scope % turnover)	28,37%	**27,79%**

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GIVING BACK TO SOCIETY

% of turnover	2019	2020
Investment in social action by Group companies	94,58%	**99,57%**
Estimated number of beneficiaries	94,58%	**95,57%**
Number of citizen awareness courses or activities carried out	28,37%	**27,79%**
Number of events (conferences, exhibitions, sporting activities, among others) sponsored	28,37%	**27,79%**
Number of foundations or NGOs that received grants/support during the year	28,37%	**95,57%**
Budget allocated by the Foundation	100,0%	**100%**

SUPPLIERS AND CONTRACTORS

% of Group procurements	2020
Number of suppliers	**89.90%**
Signing or acceptance of the Code of Conduct for Business Partners	**89.90%**
Training in the Code of Conduct for Business Partners	**71.83%**
Supplier approval systems:	**89.90%**
Weight of non-financial criteria	**88.38%**
Supplier commitment standards	**89.20%**
Suppliers identified as critical	**89.33%**
Critical suppliers. % of total	**89.33%**
Suppliers screened in terms of sustainability	**89.20%**

COMMITMENT TO QUALITY WITH THE CUSTOMER

% of turnover	2019	2020
Production certified under ISO 9001: Total ACS Group	97,42%	**93,55%**
Number of quality audits	97,42%	**93,55%**
Investment in measures to promote and improve quality	55,25%	**54,30%**
System for measuring client satisfaction	29,85%	**30,86%**
Number of client satisfaction surveys received	29,85%	**30,86%**
Client responses which are “satisfied” or “very satisfied” out of the total number of surveys received (%)	29,85%	**30,86%**
System for measuring client complaints and claims	29,85%	**30,86%**
Number of complaints and claims from clients received in the reporting period	29,85%	**30,86%**
Number of complaints and claims from clients resolved in the reporting period	29,85%	**30,86%**

INNOVATION

% sobre ventas	2020
Investment in research, development and innovation by the ACS Group	**26,36%**
Number of innovation projects in progress in 2020 of the ACS Group	**26,36%**
Number of patents registered by the ACS Group in 2020	**26,36%**
Number of patents registered by the ACS Group over the last ten years	**26,36%**

7.3.4. AWARDS, RECOGNITIONS AND MEMBERSHIPS

- ACS, Construction Activities and Services, was included in *Dow Jones Sustainability* Index global and European. Inclusion in these DJSI indices recognises the commitment and ongoing effort made by all of the ACS Group companies in terms of sustainability and value generation shared by the whole company. HOCHTIEF and CIMIC, listed companies of the ACS Group, are also included in the DJSI. Specifically, HOCHTIEF is included in the *DJSI World,* and CIMIC, in the DJSI Australia.

- For another year, ACS Actividades de Construcción y Servicios was included in the 2021 Sustainability Yearbook published by S & P Global, and was given the 'Bronze Class' distinction for its excellent sustainability performance.

- In 2020, FTSE Russell confirmed that the ACS Group had been independently evaluated in accordance with the FTSE4Good criteria and had met the requirements to become a component of the FTSE4Good index series.

- The ACS Group is a signatory to the United Nations Global Compact.

- The ACS Group supports the *Carbon Disclosure Project* initiative.

- ACS is the world's seven largest company by turnover, according to the ENR magazine ranking published in December 2020. It is the top listed company in that list and the company with the most international business.

7.3.5 WE WOULD LIKE TO KNOW YOUR OPINION

As you may have observed in the preceding pages, the ACS Group is committed to transparency of information and the relationships with its various stakeholders. companies

The ACS Group considers the assumption of reporting principles to be a process of ongoing improvement, in which it is essential to count on the informed opinion of the various stakeholders. We would therefore greatly appreciate any feedback you may have on this report at:

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Tfno. +34 91 343 92 00

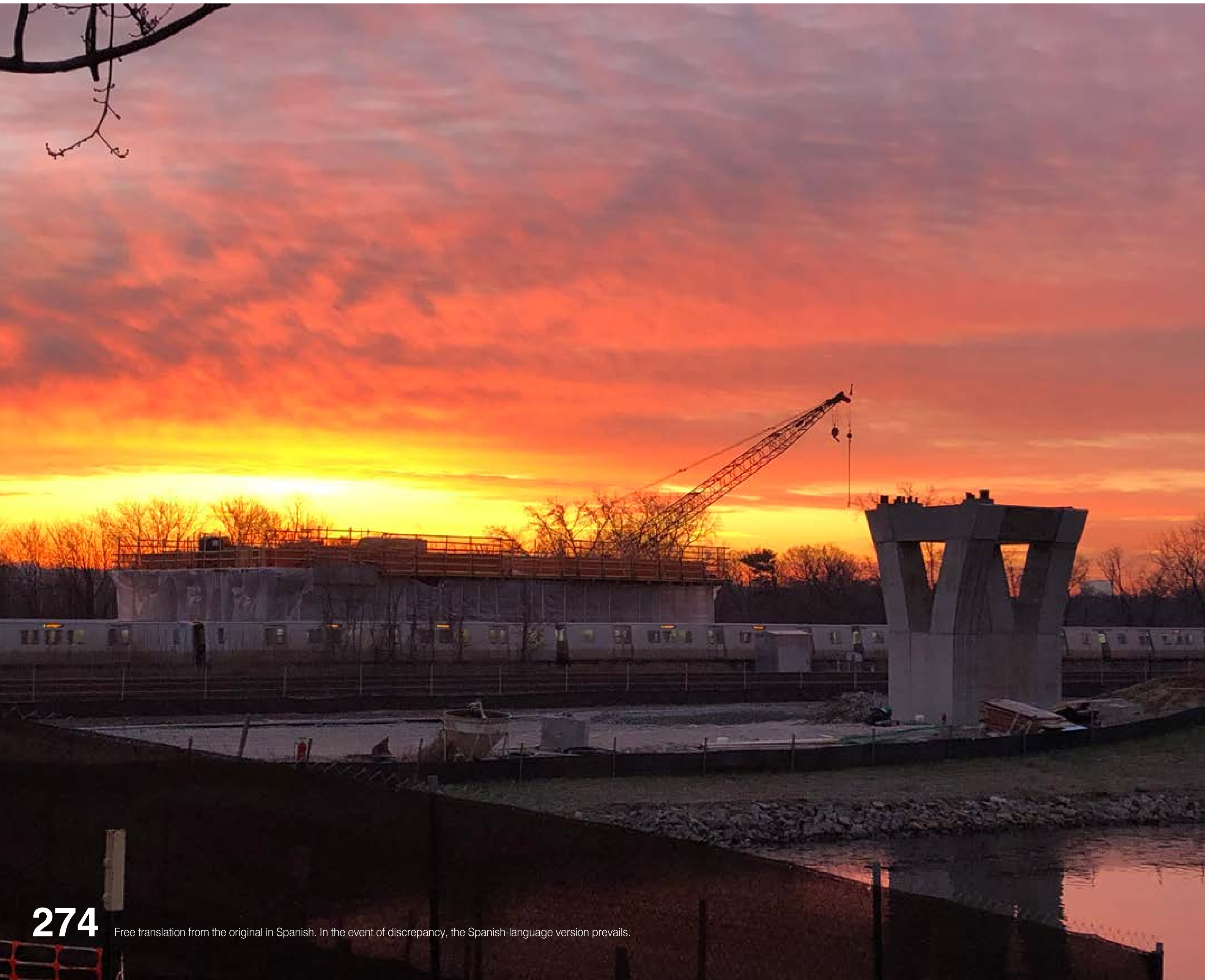
E-mail: infogrupoacs@grupoacs.com

7.4 ECONOMIC-FINANCIAL ANNEXES

7.4.1. TREASURY SHARES

As of 31 December 2020, the Group held 25,604,641 shares in the Parent Company, with a nominal value of EUR 0.5, representing 8.2% of the share capital. The details of the operations carried out during the year are as follows:

	2019		**2020**	
	Number of shares	Thousands of euros	**Number of shares**	**Thousands of euros**
At beginning of period	**6,442,991**	**221,505**	**11,386,246**	**402,542**
Purchases	15,753,833	570,410	32,494,620	738,218
Amortization and sale	(10,810,578)	(389,373)	(18,276,225)	(504,769)
At end of period	**11,386,246**	**402,542**	**25,604,641**	**636,009**



7.4.2. IRIDIUM CONCESSIONS BACKLOG*

CONCESSION - DESCRIPTION	Stake	Consolidation Method	Country	Activity	Phase	Units	Expiration Date	Total Investment (mn€)	ACS Group Investment (mn€)
Autovía de La Mancha	19.50%	P.E.	Spain	Highways	Exploitation	52	Apr-33	128	5
Reus-Alcover	26.00%	P.E.	Spain	Highways	Exploitation	10	Dec-38	69	4
Santiago Brión	18.20%	P.E.	Spain	Highways	Exploitation	16	Sep-35	117	4
Autovía de los Pinares	16.47%	P.E.	Spain	Highways	Exploitation	44	Apr-41	97	4
Autovía Medinaceli-Calatayud	100.00%	Global	Spain	Highways	Exploitation	93	Dec-26	183	24
Autovía del Pirineo (AP21)	26.00%	P.E.	Spain	Highways	Exploitation	45	Jul-39	233	21
Autovía de la Sierra de Arana	40.00%	P.E.	Spain	Highways	-	39	n.a.	200	2
EMESA (Madrid Calle 30)	50.00%	P.E.	Spain	Highways	Exploitation	33	2025 - 12/09/2040	185	0
Eje Diagonal	26.00%	P.E.	Spain	Highways	Exploitation	67	Jan-42	405	40
A-30 Nouvelle Autoroute 30	12.50%	P.E.	Canada	Highways	Exploitation	74	Sep-43	1,250	18
FTG Transportation Group	12.50%	P.E.	Canada	Highways	Exploitation	45	Jun-34	503	2
Windsor Essex	33.33%	P.E.	Canada	Highways	Exploitation	11	Feb-44	823	6
Signature on the Saint-Lawrence Group	25.00%	P.E.	Canada	Highways	Exploitation	3	Nov-49	1,569	14
Highway 427	50.00%	P.E.	Canada	Highways	Construction	11	Sep-50	229	4
Gordie Howe Bridge	40.00%	P.E.	Canada	Highways	Construction	2,5	30-11-2054	2,477	24
CRG Waterford	33.33%	P.E.	Ireland	Highways	Exploitation	23	Apr-36	338	0
CRG Portlaoise	33.33%	P.E.	Ireland	Highways	Exploitation	41	Jun-37	361	23
N25 New Ross Bypass	50.00%	P.E.	Ireland	Highways	Exploitation	14	Feb-43	169	9
M11 Gorey – Enniscorthy	50.00%	P.E.	Ireland	Highways	Exploitation	32	Jan-44	253	13
Sper - Planestrada (Baixo Alentejo)	15.14%	N.C.	Portugal	Highways	Exploitation	347	Dec-38	268	15
A-13, Puerta del Támesis	75.00%	P.E.	UK	Highways	Exploitation	22	Jul-30	268	20
SH288 Toll Lanes-Texas	21.62%	P.E.	USA	Highways	Exploitation	17	Aug-68	848	64
Portsmouth Bypass	40.00%	P.E.	USA	Highways	Exploitation	35	Dec-53	435	16
US 181 Harbor Bridge	50.00%	P.E.	USA	Highways	Construction	9	Oct-40	789	0
I595 Express	12.50%	P.E.	USA	Highways	Exploitation	17	Feb-44	1,309	21
Total Highways (km)						**1,103**		**13,505**	**354**
Línea 9 Tramo II	10.00%	N.C.	Spain	Railways	Exploitation	11	Oct-42	879	7
Línea 9 Tramo IV	10.00%	N.C.	Spain	Railways	Exploitation	11	Sep-40	645	6
Metro de Arganda	8.13%	N.C.	Spain	Railways	Exploitation	18	Dec-29	149	3
ELOS - Ligações de Alta Velocidade	15.22%	N.C.	Portugal	Railways	-	167	2.050	1,637	20
Rideau Transit Group (Ligth RT Ottawa)	40.00%	P.E.	Canada	Railways	Exploitation	13	May-48	1,331	19
Crosslinx Transit Solutions	25.00%	P.E.	Canada	Railways	Construction	20	Sep-51	3,518	16
Ottawa Phase II variation	33.33%	P.E.	Canada	Railways	Exploitation	n.a.	May-48	317	0
Finch West LRT	33.33%	P.E.	Canada	Railways	Construction	11	Sep-53	883	5
Angels flight	86.66%	Global	USA	Railways	Exploitation	n.a.	Apr-47	2	1
LAX Automated People Mover	18.00%	P.E.	USA	Railways	Construction	4	May-48	1,988	14
Metro de Lima Línea 2	25.00%	P.E.	Peru	Railways	Exploitation	35	Apr-49	3,631	24
Total km Railways						**289**		**14,979**	**117**
Cárcel de Brians	100.00%	Global	Spain	Jails	Exploitation	95,182	Dec-34	108	14
Comisaría Central (Ribera norte)	20.00%	P.E	Spain	Police Station	Exploitation	60,330	May-24	70	3
Comisaría del Vallés (Terrasa)	20.00%	P.E	Spain	Police Station	Exploitation	8,937	Apr-32	17	1
Comisaría del Vallés (Barberá)	20.00%	P.E	Spain	Police Station	Exploitation	9,269	Apr-32	20	1
Los Libertadores	100.00%	Global	Chile	Border Facility	Exploitation	32,011	Nov-30	65	8
Public Facilities (m2)						**205,729**		**279**	**25**
Hospital Majadahonda	11.00%	N.C.	Spain	Hospitals	Exploitation	749	Jul-35	257	4
Nuevo Hospital de Toledo, S.A.	33.30%	P.E.	Spain	Hospitals	Exploitation	760	Mar-45	285	22
Hospital Son Espases	9.90%	N.C.	Spain	Hospitals	Exploitation	987	Oct-39	305	3
Hospital de Can Misses (Ibiza)	8.00%	N.C.	Spain	Hospitals	Exploitation	297	Oct-42	129	2
Hospitals (number of beds)						**2,793**		**976**	**31**
Intercambiador Plaza de Castilla	4.40%	N.C.	Spain	Transfer Stations	Exploitation	59,650	Feb-41	174	1
Intercambiador Príncipe Pío	8.40%	N.C.	Spain	Transfer Stations	Exploitation	28,300	Dec-40	66	1
Intercambiador Avda América	12.00%	N.C.	Spain	Transfer Stations	Exploitation	41,000	Jun-38	114	2
Total Transfer Stations (m²)						**128,950**		**354**	**4**
Iridium Aparcamientos	100.00%	Global	Spain	Parkings	Exploitation	12,217	2058	49	47
Serrano Park	50.00%	P.E.	Spain	Parkings	Exploitation	3,297	Dec-48	130	21
Total Parkings (number of places)						**15,514**		**179**	**67**
TOTAL CONCESSIONS								**30,271**	**599**

* At December 31, 2020.

7.4.3. INDUSTRIAL SERVICES CONCESSIONS*

NAME	% ACS STAKE	LOCATION	STATUS	#	EXPIRATION DATE
WIND FARMS					
P.E. Monte Das Augas, S.L.	60%	Galicia (Spain)	Exploitation	3	2032
P.E. Requeixo	25%	Galicia (Spain)	Exploitation	11	2024
Kincardine Offshore	90%	United Kingdom	Expl. / Constr.	50	2042
Oaxaca	100%	Mexico	Exploitation	102	2032
Kiyú	100%	Uruguay	Exploitation	49	2041
Pastorale	90%	Uruguay	Exploitation	53	2037
Península	70%	Mexico	Partial Exploitation	90	2035
Valdehierro	100%	Burgos (Spain)	Construction	15	-
Tadeas	100%	Palencia (Spain)	Construction	39	2045
EOLFI Greater China	90%	Taiwan	Promotion	2,500	n/a
OWL	81%	United Kingdom	Promotion	485	n/a
Villonaco	100%	Ecuador	Promotion	110	n/a
THERMOSOLAR PLANTS					
Tonopah	100%	Tonopah (USA)	Exploitation	110	n/a
Manchasol 1	100%	Ciudad Real (Spain)	Exploitation	50	2035
Karoshoek Solar One	13%	South Africa	Exploitation	100	2038
PHOTOVOLTAIC PLANTS					
Tedagua Energías Renovables	100%	Canarias (Spain)	Exploitation	0.1	2028
Bonete	100%	Albacete (Spain)	Exploitation	146	n/a
Galisteo	100%	Cáceres (Spain)	Contruction	50	n/a
Peaker	100%	Escatrón (Zaragoza, Spain)	Promotion	24	n/a
Euro Asset*	25%	Spain	Exploitation/ Promotion	1,360	n/a
PSF CALIZA SOLAR	100%	Hijar (Teruel, Spain)	Promotion	50	n/a
PSF ALCAÑIZ SOLAR	100%	Hijar (Teruel, Spain)	Promotion	50	n/a
NAVABUENA	100%	Villalba de Alcores (Valladolid, Spain)	Promotion	50	n/a
ANDARRIOS	100%	Villalba de Alcores (Valladolid, Spain)	Promotion	62	n/a
PALMARES	100%	Villalba de Alcores (Valladolid, Spain)	Promotion	50	n/a
SF LEVANTE	100%	Villalba de Alcores (Valladolid, Spain)	Promotion	288	n/a
PSF TABURETE	100%	Botorita (Zaragoza, Spain)	Promotion	43	n/a
PSF ICTIO ALCANTARA 1	100%	Alcantara (Cáceres, Spain)	Promotion	30	n/a
PSF ICTIO ALMARAZ	100%	Saucedilla (Cáceres, España)	Promotion	50	n/a
PSF ICTIO ORION	100%			50	n/a
PSF ICTIO PHOENIX	100%			50	n/a
Requenas	100%	Valencia (Spain)	Promotion	218	n/a
PV Visigodas	100%	Spain	Promotion	1,126	n/a
PV Visigodas a traspasar a GALP	100%	Spain	Promotion	839	n/a
SAN JOSÉ	-	Mexico	Promotion	553	n
PEDRICEÑA	-	Mexico	Promotion	69	n/a
HYDROELECTRIC PLANTS					
Hidromanta	100%	Perú	Construction	20	2040
RENEWABLES				8,458	

NAME	% ACS STAKE	LOCATION	STATUS	#	EXPIRATION DATE
TRANSMISSION LINES					
Brilhante	50%	Brazil	Exploitation	444	2039
Brilhante II	50%	Brazil	Exploitation	N/A	2042
Sete Lagoas	100%	Brazil	Exploitation	N/A	2041
Redenor	30%	Chile	Partial Exploitation	276	2067
LA NIÑA	100%	Peru	Promotion	317	2054
JMM Transmisora de Energía	50%	Brazil	Exploitation	861	2045
Mantiqueira Transmisora de Energía	50%	Brazil	Construction	1,320	2045
Transmissora Sertaneja de Electricidade	50%	Brazil	Construction	485	2047
Giovanni Sanguinetti Transmisora de Energía	50%	Brazil	Partial Exploitation	435	2047
Veredas Transmissora de Electricidade	50%	Brazil	Partial Exploitation	451	2047
Chimarrao	50%	Brazil	Construction	937	2049
Pampa Transmissora de Energia	50%	Brazil	Construction	316	2049
TRANSMISSION LINES				**5,842**	
DESALINATION PLANTS					
Benisaf Water Company	51%	Algeria	Exploitation	200,000	2035
Hydromanagement	80%	Spain	Exploitation	72,000	2034
TAIF	50%	Saudi Arabia	Construction	160,000	2047
Al Hamra Water company	40%	United Arab Emirates	Construction	100,000	2042
Caitan	50%	Chile	Development	86,400	2040
WATER TREATMENT PLANTS					
Taboada	100%	Peru	Exploitation	1,012,068	2034
Provisur	100%	Peru	Construction	35,610	2039
IRRIGATION PROJECTS					
Majes	100%	Peru	Construction	52,500	Suspension Contract
WATER				**1,718,578**	
OTHERS					
Planta Reserva Fría de Generación Eten	50%	Peru	Exploitation	230	2035

Renewables: Installed Capacity (MW); Transmission Lines (KM); Water: (000 m^3/day)

* Includes Operational Proyects, under construction and promotion

Investment volume to 31.12.2020 (€ million)	Incurred Investment	ACS contribution
WIND FARMS	973	171
THERMOSOLAR PLANTS	1,330	428
PHOTOVOLTAIC PLANTS	710	224
HYDROELECTRIC PLANTS	47	22
RENEWABLES	3,061	844
TRANSMISSION LINES	1,362	207
TRANSMISSION LINES	1,362	207
DESALINATION PLANTS	836	215
WATER TREATMENT PLANTS	150	55
IRRIGATION PROJECTS	45	40
WATER	1,031	310
OTHERS	59	18
TOTAL	5,513	1,380

7.4.4. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with that established in commercial law, the Annual Corporate Governance Report, which forms an integral part of the 2020 directors' report, is attached by reference and is available on the CNMV's website.

7.4.5 GLOSSARY

The ACS Group presents its results in accordance with International Financial Reporting Standards (IFRS), however, the Group uses certain alternative performance measures (APM) to provide additional information that facilitates the comparability and understanding of its financial information and the decision making and assessment of the Group's performance. The most noteworthy APMs are detailed below.

CONCEPT	DEFINITION AND CONSISTENCY	Dec-20	Dec-19
Market capitalization	**Number of shares at the end of the period x listing at the end of the period**	**8,435**	**11,218**
Earnings per share (EPS) (€)	**Net profit of the period / Average number of shares in the period**	**1.95**	**3.13**
Net Income Attributable	Total income - Total expenses of the period - Income attributable to minority interests	574	962
Average number of shares in the period	Daily average of shares in circulation in the period adjusted by the treasury shares	293.8	307.5
Backlog	Value of the work contracts awarded and closed pending execution. Section 1.1 provides a breakdown between direct and proportional (referring to the proportional interest in joint operating companies and projects not consolidated globally in the Group)	**69,226**	**77,756**
Gross Operating Profit (EBITDA)	**Operating profit excluding (1) provisions and amortizations and (2) non-recurring and/or non-cash-generating operating results + Result by the equity method (Partners and Joint Ventures)**	**2,397**	**3,148**
(+) Operating profit	Income - Operating expenses	1,165	1,793
(-) 1. Provisions and amortizations	Cash-flow provisions + Allowance for amortization of fixed assets	(964)	(1,022)
(-) 2. Non-recurring and/or non-cash-generating operating results	Impairment and result from disposal of fixed assets + other profit	(70)	221
(+) Profit of the Equity Method (Partners and Joint Ventures)	Includes the net income of the companies accounted for by the equity method. Among others, the net profit from operating investments, such as Abertis, and the profit before taxes from joint ventures abroad consolidated with the equity method. It is similar to the joint venture regime in Spain, therefore it is included in the EBITDA in order to standardize the accounting criteria with the foreign companies of the Group.	197	553
Net Financial Debt / EBITDA	**Net Financial Debt / annualized EBITDA. This ratio is broken down by activity areas of the Group**	**0.8x**	**0.0x**
Net Financial Debt/(Treasury) (1)-(2)	Gross external financial debt + Net debt with Group companies - Cash and other equivalent assets	1,820	54
(1) Gross Financial Debt	Debt with credit institutions + Bonds and other negotiable securities + Funding of projects and debt with limited resources + Finance lease obligations + Other long-term non-banking financial debt + Debt with companies of the Group	11,256	9,482
(2) Cash and other equivalent assets	Temporary financial investments + Long-term taxations + Cash and other equivalent assets	9,436	9,429
Annualized EBITDA	EBITDA of the period / number of months of the period x 12 months	2,397	3,148

CONCEPT	DEFINITION AND CONSISTENCY	Dec-20	Dec-19
Net Cash Flows	**(1) Cash flows from operational activities + (2) Cash flows from investment activities + (3) Other cash flows**	**(1,495)**	**(689)**
1. Cash Flows from Operational Activities (FFO)	**Adjusted net attributable profit + Changes in operating working capital**	**1,173**	**2,379**
Adjusted net attributable profit	Net attributable benefit (+/-) adjustments that do not entail operating cash flow	1,886	2,596
Changes in operating working capital	Changes in Working Capital during the period (+/-) adjustments for non-operational items (e.g. dividends, interest, taxes, etc.)	(712)	(217)
2. Cash Flows from Investment Activities	**Net investments (collected/paid)**	**(134)**	**(1,349)**
(-) Investment payments	Payments for operational, project and financial investments. This figure may differ from the amount shown in the flow statement for payment deferral reasons (accrual)	(2,173)	(1,796)
(+) Proceeds from disinvestments	Proceeds from operational, project and financial disinvestments. This figure may differ from the amount shown in the flow statement for collection deferral reasons (accrual)	2,039	447
3. Other Cash Flows	**Purchase/sale of own shares + Dividend payments + Other sources of funding (includes payment of operating Lease principal (IFRS 16))**	**(2,534)**	**(1,719)**
Ordinary Financial Result	Financial Income - Financial Expenditure	(272)	(292)
Net Financial Result	Ordinary financial result + Exchange differences result + Fair value variation in financial Inst. + Impairment and result from disposal of financial inst.	(137)	(1,719)
Working capital	**Stocks + Total clients - Total creditors - other current liabilities**	**(5,614)**	**(7,116)**

NOTE: All financial indicators and APMs are calculated under the principles of coherence and consistency, allowing for comparability between periods and respecting current accounting standards.

Data in millions of euro unless expressly stated.

CONCEPT	USE
Market capitalization	**The value of the company on the stock exchange.**
Earnings per share (EPS)	**Indicates the part of the net earnings that corresponds to each share**
Backlog	**This is an indicator of the Group's business activity. Its value divided by the average duration of the projects is an estimate of the revenue to be received in the following periods**
Gross Operating Profit (EBITDA)	**Comparable performance measure to evaluate the evolution of the Group's operational activities, excluding amortizations and provisions (more variable items depending on the accounting criteria used). This APM is widely used to evaluate companies' operational performance as well as part of ratios and multiples of evaluating and measuring risks**
Net Financial Debt/EBITDA	**Comparable ratio of the Group's level of indebtedness. Measures the ability to return funding in terms of the number of years.**
Net Financial Debt (1)-(2)	Level of total net debt at the end of the period. The breakdown of net financial debt associated with projects (Project Finance) and the debt associated with the business is provided in section 4.2
(1) Gross Financial Debt	Level of gross financial debt at the end of the period
(2) Cash and other equivalent assets	Liquid current assets available to meet the repayment needs of financial liabilities
Annualized EBITDA	
Net Cash Flows	**Measures the cash generated or consumed during the period**
2. Cash Flows from Investment Activities	**Funds consumed/generated by investment needs or disinvestments undertaken during the period**
3. Other Cash Flows	
Ordinary Financial Result	A measure of evaluating the result from the use of financial assets and liabilities. This concept includes both income and expenses directly related to net financial debt and other non-related financial income and expenses
Net Financial Result	
Working capital	

KPMG Asesores S.L.
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28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for 2020

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of ACS, Actividades de Construcción y Servicios, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2020, of ACS, Actividades de Construcción y Servicios, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the consolidated Directors' Report of the Group for 2020.

The consolidated Directors' Report includes additional information to that required by current mercantile legislation concerning non- financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance the information contained in table "List of Contents of the Consolidated Non-Financial Statement" in the accompanying consolidated Directors' Report.

Directors' responsibility

The Board of Directors of the Parent is responsible for the preparation of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with each subject area in table "List of Contents of the Consolidated Non-Financial Statement" of the aforementioned Group's Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the Parent's are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm 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.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

KPMG

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

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, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2020 based on the materiality analysis performed by the Parent and described in the annex "7.2 Identification of relevant issues", considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2020.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2020.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2020 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the GRI Standards selected in accordance with each subject area in the table "List of Contents of the Consolidated Non-Financial Statement" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

31 March 2021

DIRECTORY

HEAD OFFICES OF THE ACS'S GROUP MAIN COMPANIES

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ANNUAL CORPORATE GOVERNANCE REPORT

2020

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A. STRUCTURE OF THE COMPANY

A.1 Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
22/09/2020	155,332,297.00	310,664,594	310,664,594

Observations

Indicate whether there are different classes of shares carrying different rights:

Yes	No
	x

A.2 List the direct and indirect holders of significant ownership interests at year-end, excluding directors:

Name or company name of the shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
MR. ALBERTO CORTINA ALCOCER		2.61%			2.61%
MR. ALBERTO ALCOCER TORRA		2.31%			2.31%
BLACKROCK		4.71%	0.28%		4.99%
SOCIETE GENERALE S.A.	6.36%				6.36%

Observations

Details of indirect participation:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights
MR. ALBERTO CORTINA ALCOCER	PERCACER, S.L.	1.41%		1.41%
MR. ALBERTO CORTINA ALCOCER	CORPORACIÓN FINANCIERA ALCOR, S.L.	0.15%		0.15%
MR. ALBERTO CORTINA ALCOCER	IMVERNELIN PATRIMONIO, S.L.	1.05%		1.05%
MR. ALBERTO ALCOCER TORRA	COMERCIO Y FINANZAS, S.L.	1.11%		1.11%
MR. ALBERTO ALCOCER TORRA	CORPORACIÓN FINANCIERA ALCOR, S.L.	0.15%		0.15%
MR. ALBERTO ALCOCER TORRA	IMVERNELIN PATRIMONIO, S.L.	1.05%		1.05%
BLACKROCK	BLACKROCK, INC	4.71%		4.71%

Observations

Indicate the most significant changes in the shareholding structure occurring during the year:

Most significant changes

A.3 Complete the following table on the members of the company's Board of Directors who hold voting rights over shares in the company:

Name or company name of the Board Member	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights	% of voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. FLORENTINO PÉREZ RODRÍGUEZ		12.68%			12.68%		
MR. MARCELINO FERNÁNDEZ VERDES	0.01%	0.26%			0.27%		
MR. ANTONIO GARCÍA FERRER	0.03%				0.03%		
MR. AGUSTÍN BATUECAS TORREGO	0.40%	0.25%			0.65%		
MR. ANTONIO BOTELLA GARCÍA							
MR. JOSÉ LUIS DEL VALLE PÉREZ	0.10%				0.10%		
MR. JAVIER ECHENIQUE LANDIRIBAR	0.01%				0.01%		
MRS. CARMEN FERNÁNDEZ ROZADO							
MR. EMILIO GARCÍA GALLEGO							
MR. JOAN DAVID GRIMÁ TERRÉ							
MR. MARIANO HERNÁNDEZ HERREROS							
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ		0.22%			0.22%		
MRS. CATALINA MIÑARRO BRUGAROLAS							
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ							
MR. MIGUEL ROCA JUNYENT							
MR. JOSÉ ELADIO SECO DOMÍNGUEZ							

Name or company name of the Board Member

% of total voting rights held by the Board of Directors	13.96%

Observations

Details of indirect participation:

Name or company name of the Board Member	Name or company name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights	% of voting rights that can be transferred through financial instruments
MR. FLORENTINO PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.	12.68%		12.68%	
MR. MARCELINO FERNÁNDEZ VERDES	GESGUIVER, S.L.	0.26%		0.26%	
MR. AGUSTÍN BATUECAS TORREGO	CARCALODÓN, S.L.	0.22%		0.22%	
MR. AGUSTÍN BATUECAS TORREGO	EL CAMPOSTUERO, S.L.	0.03%		0.03%	
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FAPIN MOBI, S.L.	0.22%		0.22%	

Observaciones

A.4 Indicate, as applicable, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business, except those indicated under section A.6:

A.5 Indicate, as applicable, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

A.6 Describe the relationships, unless of little relevance for both parties, which exist between significant shareholders or shareholders represented on the board and the directors or their representatives, in the case of corporate managers.

Explain, as applicable, how significant shareholders are represented. Specifically indicate those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specific mention of the nature of said linkages. Indicate in particular, as applicable, the existence, identity and position of members of the Board of Directors or representatives of directors of the listed company, who are, in turn, members of the governing body, or their representatives, of companies with significant shares in the listed company or in group entities of the aforementioned significant shareholders.

Name or company name of the related Board Member or representative	Name or company name of the related significant shareholder	Company name of the company of the significant shareholder's group	Description of relationship/ position
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.		SISTER OF MR. FLORENTINO PÉREZ RODRÍGUEZ, SOLE ADMINISTRATOR OF ROSAN INVERSIONES, S.L.
MR. MARIANO HERNÁNDEZ HERREROS	ROSAN INVERSIONES, S.L.		BROTHER-IN-LAW OF MR. FLORENTINO PÉREZ RODRÍGUEZ, SOLE ADMINISTRATOR OF ROSAN INVERSIONES, S.L.

Observations

A.7 Indicate whether any shareholders' side agreements affecting the company have been executed between shareholders pursuant to Articles 530 and 531 of the Spanish Companies Law. If so, provide a brief description and list the shareholders that are party to the agreement:

Yes	No
	X

Indicate whether the company is aware of any concerted actions between its shareholders. If so, provide a brief description:

Yes	No
	X

A.8 Indicate if there is any individual or legal entity that exercises or could exercise control over the company under Article 5 of the Securities Market Law. If so, identify them:

Yes	No
	X

A.9 Complete the following tables on the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
Number of direct shares	Number of indirect shares (*)	% of total share capital
25,604,141	500	8.24%

Observations

(*) Through: FUNDING STATEMENT, S.A.

Explain any significant variations during the financial year:

Notification of acquisitions:

Notification date	Total direct shares acquired	Percentage of total share capital
03/11/2020	3,153,984	1.015%
25/09/2020	3,848,923	1.223%
01/09/2020	3,635,676	1.155%
08/07/2020	3,149,273	1.001%
24/06/2020	3,164,280	1.006%
03/06/2020	3,330,996	1.059%
19/03/2020	3,297,735	1.048%
10/03/2020	3,959,000	1.258%
13/01/2020	3,269,562	1.039%

Notification of redemptions:

Notification date	Total direct shares redeemed	Percentage of total share capital
29/09/2020	4,000,000	1.271%
20/07/2020	11,377,057	3.616%
12/03/2020	2,899,168	0.921%

A.10 Give details of the conditions and time periods governing any resolutions of the General Shareholders' Meeting authorizing the Board of Directors to issue, acquire or transfer treasury shares.

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on May 8, 2020:
"In rendering the authorization granted through the resolutions of the Company's General Shareholders' Meeting held on May 10, 2019, null and void and in accordance with the provisions of Articles 146 and related articles and 509 of the Consolidated Text of the Spanish Companies Law, the Board of Directors of the Company and those of its subsidiaries are authorized, during a period of one year from the date of this meeting, which shall be automatically extended for periods of equal duration up to a maximum of five years, unless stipulated otherwise by the shareholders at the General Meeting, and in accordance with the conditions and requirements envisaged in the legal provisions in force at the time, to acquire, at any given time and as many times as deemed advisable and through any of the means admitted by law, with a charge to profit for the year and/or unrestricted reserves, shares of the Company, the nominal value of which when added to those already owned by the Company or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, the maximum amount authorized by the legislation applicable at any given time. The minimum price and the maximum price, respectively, will be the nominal value and the weighted average price relating to the last trading day prior to the transactions increased by 20%.

The Board of Directors of the Company and those of its subsidiaries are also authorized, within the period and in accordance with the conditions established above to the extent that it is applicable, to acquire shares of the Company through loans, for a consideration or otherwise, on an arm's-length basis, taking into account market conditions and the characteristics of the transaction.

Express authorization is given for the treasury shares acquired by the Company or its subsidiaries to be earmarked, in full or in part: (i) for sale or retirement, (ii) for delivery to workers, employees or administrators of the Company or its Group, when there is a right recognized either directly through or as a result of exercising the options they hold, for the purposes envisaged in the last paragraph of Article 146.1.a) of the Consolidated Text of the Spanish Companies Law, and (iii) for reinvestment plans for dividends or similar instruments.

In order to retire treasury shares and granting the execution of this task to the Board of Directors in accordance with that indicated below, the Board resolved to reduce share capital, with a charge to profit or unrestricted reserves, for an amount equal to the total nominal value of the treasury shares which the Company directly or indirectly holds at the date of adoption of this resolution by the Board of Directors.

In accordance with Article 7 of the Company By-laws, the Board of Directors is empowered (with express powers of substitution) to execute this resolution to reduce share capital, which may be carried out once or several times within the maximum period of five years from the date of this resolution, performing such formalities, taking such steps and providing such authorizations as might be necessary or required by the Spanish Companies Law and other applicable provisions. In particular, the Board of Directors is authorized to, by the deadline and within the aforementioned limits, (i) set the date or dates for the specific share capital reduction or reductions, taking into account market conditions, the share price, the Company's economic-financial position, its cash, reserves, business performance and any other matter that is reasonable to consider; (ii) specify the amount of each share capital reduction; (iii) use of the amount of the reduction, either to restricted reserves or to unrestricted reserves, providing such guarantees as might be required and complying with the related legal requirements; (iv) amend Article 6 of the Company By-Laws to the new share capital figure; (v) apply for the delisting of the retired shares; and, in general, adopt any resolutions as might be necessary to ensure the full effectiveness of the retirement of these shares and the concomitant capital reduction, designating the persons empowered to implement these resolutions.

The execution of this share capital reduction shall be subordinate to the execution of the capital reduction through the retirement of treasury shares proposed to the shareholders at the Ordinary General Shareholders' Meeting under item 8 on the Agenda, such that under no circumstances may the execution of this resolution be prevented in accordance therewith."

In addition, the Ordinary General Shareholders' Meeting held on May 8, 2020, agreed to delegate to the Board of Directors, in accordance with the provisions of Article 297.1(b) of the Spanish Companies Law, the power to increase, on one or more occasions, the share capital of the Company up to a maximum of 50% of the capital, as of the date of this authorization without the need for a convening or prior agreement by the General Meeting.

The Ordinary General Shareholders' Meeting held on May 10, 2019, approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years, bonds convertible and/or exchangeable for shares of the Company, as well as warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, for a total amount of up to three billion euro; as well as the power to increase the capital stock by the necessary amount, along with the power to exclude, where appropriate, the pre-emption subscription rights up to a limit of 20% of the capital stock.

A.11 Estimated percentage free float

	%
Estimated free float	82.41%

A.12 Indicate, as applicable, any restrictions (statutory, legislative or of any other nature) on the transfer of securities and/or any restrictions on voting rights. In particular, indicate the existence of any type of restrictions which may make it difficult to take over the company via the market

acquisition of its shares, as well as those arrangements for authorization or prior communication which, for the acquisition or transfer of the company's financial instruments, are applicable to it due to sector regulations.

Yes	No
	X

A.13 Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes	No
	X

A.14 Indicate whether the company has issued shares that are not traded in a regulated market in the European Union.

Yes	No
	X

B. GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and, if applicable, describe the differences between the minimum required under the Spanish Companies Law (Ley de Sociedades de Capital – LSC) and the quorum required for holding the General Shareholders' Meeting..

Yes	No
	X

B.2 Indicate and, if applicable, describe any differences between the rules established in the Spanish Companies Law (LSC) for adopting resolutions and the company's rules.

Yes	No
	X

B.3 Indicate the rules applying to amending the Company's By-laws. In particular, indicate the majorities anticipated for modifying the by-laws, as well as, where appropriate, the rules anticipated for protecting partners' rights on modifying the by-laws.

Article 32 of the Company By-Laws states that for the General Meeting to validly agree to increase or reduce the capital, and any other modification of the by-laws, to issue debentures, withdrawal or limitation of pre-emption rights for new shares and the transformation, merger, spin-off or global assignment of assets and liabilities, transfer of residence abroad or voluntary dissolution by agreement of the General Meeting, it will be necessary at first call, for the shareholders holding at least fifty percent of the subscribed capital with voting rights to attend in person or by proxy, and in the second call, the attendance of twenty-five percent of that capital. These social agreements shall be adopted by an absolute majority if the capital present or represented exceeds fifty percent in the first call and with the favorable vote of two thirds of the capital present or represented at the meeting when shareholders representing twenty-five percent or more of the subscribed capital with voting rights attend the second call without reaching fifty percent.

In addition, as set out in Articles 286 and 287 of the Spanish Companies Law, the Board of Directors shall draft the full text of the proposed amendment to the By-laws as well as a written report justifying the same. In the call of the General Meeting the points which are to be amended shall be expressed with sufficient clarity with an affirmation of the right of all partners to examine the full text of the proposed amendment and the corresponding report at the registered office and to request delivery or free shipping of said documents.

Article 29 ("Voting on proposed resolutions") of the Rules of Procedure of the General Shareholders' Meeting provides for the following:

> "29.3. Separate votes shall be taken at the General Meeting on all matters which are substantially independent. In any event, separate votes shall be taken on the following matters, even if they are included in the same item on the agenda: (i) the appointment, ratification, re-election or dismissal of each director; and (ii) modification of the Company By-Laws and modification of each article or group of articles that stand alone."

B.4 Indicate the data on attendance at the General Meetings held in the year to which this report refers and those from the previous two years:

Attendance information

Date of the General Meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic voting	Others	
05/08/2018	1.59%	59.91%	0.01%	0.00%	61.51%
Of which is floating Capital:	0.40%	41.66%	0.01%	0.00%	42.07%
05/10/2019	1.05%	65.57%	0.01%	0.00%	66.63%
Of which is floating Capital:	0.19%	45.54%	0.01%	0.00%	45.74%
05/08/2020	0.93%	52.80%	0.01%	0.00%	53.74%
Of which is floating Capital:	0.07%	47.11%	0.01%	0.00%	47.19%

B.5 Indicate whether there have been any items on the agenda, that for whatever reason, have not been approved by the shareholders at the general meetings held during the year.

Yes	No
	X

B.6 Indicate whether the by-laws contain any restrictions with respect to a minimum number of shares required to attend General Meetings, or to vote remotely:

Yes	No
X	

Number of shares required to attend the general meeting:	100
Number of shares required to vote remotely	100

Observations

Article 26 of the Company By-Laws, stipulates that: "The General Meeting is composed of all the holders of at least one hundred shares, whether present or represented. The owners or holders of fewer than one hundred shares can be grouped in order to arrive at that number, being represented, either by one of them, or by another shareholder who owns by itself the number of shares necessary to be part of the General Meeting."

B.7 Indicate if it has been established that certain decisions, other than those established by law, involving an acquisition, sale or contribution to another company of essential assets or other similar corporate transactions should be subject to the approval of the general shareholders' meeting.

Yes	No
	X

B.8 Indicate the address and mode of access to the company's website to information on corporate governance and other information on the General Meetings that need to be made available to the shareholders through the Company's website.

The website is: http://www.grupoacs.com/gobierno-corporativo/

Once on the ACS Group's website, several tabs appear at the top. The one of interest is called "CORPORATE GOVERNANCE"; if you click on this link you will find the Company By-Laws, the Rules of Procedure of the General Shareholders' Meeting and the Rules of Procedure of the Board of Directors.

The drop-down menu within CORPORATE GOVERNANCE shows two sections:

- Board of Directors. If you click on this link you will find the Rules of Procedure of the Board of Directors and the composition of the Board of Directors with information on each director.
- Annual Corporate Governance Report. If you click on this link, following a brief introduction there is a specific instruction to click on it and download the latest annual reports since 2006 in PDF format.

On the other hand, in the drop-down menu of the COMPLIANCE tab, there is a section "Compliance Policies and Procedures" containing the Code of Conduct, Code of Conduct for Business Partners, General Control and Risk Management Policy, Criminal Compliance and Anti-Bribery Policy, Human Rights Policy, Corporate Fiscal Policy, Diversity Policy, Sustainability Policy, Policy and compliance protocol in competition matters, Communication Policy of economic-financial, non-financial and corporate information, and of contacts and involvement with shareholders and other stakeholders, Information Security Policy, Remuneration Policy, Treasury Stock Policy, Corporate due diligence protocol on human rights, Regulations of Conduct in the Securities Markets, Procedural Regulations of the Monitoring Committee of the Code of Conduct and Environmental Policy.

Finally, the "General Shareholders' Meeting" section of the "Shareholders and Investors" tab contains information concerning the General Shareholders' Meetings since 2013.

C STRUCTURE OF THE COMPANY ADMINISTRATION

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the by-laws and the number set by the general meeting:

Maximum number of Board Members	21
Minimum number of Board Members	11
Number of directors determined by the board	16

C.1.2 Complete the following table with the Board Members:

Name or company name of the Board Member	Representative	Class of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
MR. FLORENTINO PÉREZ RODRÍGUEZ		Executive	Executive Chairman	06/28/1989	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. MARCELINO FERNÁNDEZ VERDES		Executive	Chief Executive Officer	05/04/2017	05/04/2017	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. ANTONIO GARCÍA FERRER		Executive	Vice Chairman	10/14/2003	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. AGUSTÍN BATUECAS TORREGO		Executive	Director	06/29/1999	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. ANTONIO BOTELLA GARCÍA		Independent	Director	04/28/2015	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. JOSÉ LUIS DEL VALLE PÉREZ		Executive	BOARD MEMBER - SECRETARY	06/28/1989	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. JAVIER ECHENIQUE LANDIRIBAR		Proprietary	Director	05/20/2004	05/08/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MRS. CARMEN FERNÁNDEZ ROZADO		Independent	Director	02/28/2017	02/28/2017	BOARD OF DIRECTORS' RESOLUTION
MR. EMILIO GARCÍA GALLEGO		Independent	Director	11/13/2014	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. JOAN DAVID GRIMÀ TERRÉ		Other external	Director	10/14/2003	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. MARIANO HERNÁNDEZ HERREROS		Proprietary	Director	05/05/2016	05/08/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. PEDRO LÓPEZ JIMÉNEZ		Other External	Director	06/28/1989	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MRS. CATALINA MIÑARRO BRUGAROLAS		Independent	Director	04/28/2015	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ		Proprietary	Director	11/13/2014	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. MIGUEL ROCA JUNYENT		Other External	Director	10/14/2003	05/10/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MR. JOSÉ ELADIO SECO DOMÍNGUEZ		Independent	Coordinating Director	12/22/2016	12/22/2016	BOARD OF DIRECTORS' RESOLUTION

Total number of Board Members	16

Please indicate any departures from the Board of Directors that, either due to resignation or by agreement of the General Meeting, have occurred during the reporting period:

Name or company name of the Board Member	Class of board member at the time of removal	Date of last appointment	Removal Date	Specialist committees of which they were a member	Indicate whether the termination came before the end of the term of office
Mr. José María Loizaga Viguri	Other external	05/10/2019	03/22/2020	Executive Committee Audit Committee Appointments Committee	Yes

Cause of departure, when this occurred before the end of their term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of non-executive directors' departures, explanation or opinion of the director who has been removed by the General Meeting.

Death.

C.1.3 Complete the following tables on the Board Members and their positions:

Executive directors

Name or company name of the Board Member Representative	Position per company organisation chart	Profile
MR. FLORENTINO PÉREZ RODRÍGUEZ	Executive Chairman	Born in Madrid in 1947. Graduated as a Civil Engineer from the Universidad Politécnica de Madrid. Professional experience: He began his professional career in 1971 in the private sector, before serving as head of the Spanish Highways Association (AEC) until turning to business activities in the public sector. Between 1976 and 1982 he held various positions in central and local government, first as Director of Sanitation and the Environment for the Madrid City Council, and subsequently as Assistant Director-General at the Ministry of Industry and Energy, Director-General of Transport Infrastructures at the Ministry of Transport, and President of the National Institute for Agricultural Reform and Development (IRYDA) of the Ministry of Agriculture. In 1983 he returned to private enterprise, becoming the Chief Executive Officer of Construcciones Padrós, S.A., and at the same time one of its principal shareholders. Since 1993 he has been President and CEO of ACS, Actividades de Construcción y Servicios, S. A. and he is also the President of the Real Madrid Football Club.
MR. MARCELINO FERNÁNDEZ VERDES	Chief Executive Officer	Born in Oviedo (Asturias) in 1955. Graduated as a Civil Engineer from the Escuela Superior de ICCP de Barcelona (Barcelona School of Engineering). Professional experience: He joined the Group in 1987, and was appointed Managing Director of OCP Construcciones in 1994. In 1998, he was hired as the Chief Executive Officer of ACS Proyectos, Obras y Construcciones S.A., and in 2000 he was appointed the company's Chairman. In 2004, he was appointed the Chairman and CEO of Dragados, as well as the Director of the Construction division. In 2006, he was appointed Chairman and CEO of ACS Servicios y Concesiones, as well as Director of the Group's Concessions and Environment divisions up until March 2012. In April 2012, he was appointed as a member of the Executive Committee at Hochtief AG and Chair of the Committee in November of that same year, a position he holds to this day. He also assumed responsibility for the HOCHTIEF Asia Pacific division. From March 2014 to October 2016, he was the Chief Executive Officer of CIMIC, belonging to the Australian HOCHTIEF group. In May 2017, he was appointed the CEO of ACS Group.

MR. ANTONIO GARCÍA FERRER	Vice Chairman	Born in Madrid in 1945. Graduated as a Civil Engineer from the Universidad Politécnica de Madrid in 1971. Professional experience: He first worked for Dragados as a student in 1970, and subsequently as a site manager at various construction sites all over Spain, until he was appointed Regional Manager for Civil Engineering Projects in Madrid. He subsequently served as Manager of the Central Region at Dragados until 1997. He was later appointed as Director of Construction Projects for Spain until 2001, when he became Managing Director for Industrial Projects and Environmental Services. In 2002 he was appointed as the Chief Executive Officer of the Dragados Group. He held this role until December 2003, when he became the Executive Vice President following the merger with ACS.
MR. AGUSTÍN BATUECAS TORREGO	Director	Born in Madrid in 1949. Civil Engineer. Professional experience: He has served as CEO and then Chairman and CEO of Continental Auto S.A.; Chairman and CEO of Continental Rail S.A. and Director of Construrail, S.A.; and Member of the Board of Directors of ACS Actividades de Construcción y Servicios S.A. Group since 1999.
MR. JOSÉ LUIS DEL VALLE PÉREZ	Director and Secretary General	Born in Madrid in 1950. He has a Law degree from the Universidad Complutense and became a State Counsel in December 1974; he has been a practicing member of the Madrid BAR Association since 1976. Professional experience: He has served as State Counsel in the Revenue Service Office and at the Courts of Burgos and Toledo, and at the Ministries of Health and Social Security and that of Employment and Social Security, as well. He was the Director of the National Legal Counsel of the UCD (Union of the Democratic Center). He was a Member of the Congress of Deputies [Lower House of the Spanish legislature] in the Spanish Parliament from 1979 to 1982, and was Parliamentary Secretary at the Ministry of Territorial Administration. He has been a Director and/or a Secretary to the Board of Directors in numerous companies such as Continental Hispánica, S.A. (a subsidiary of the US company Continental Grain); Continental Industrias del Caucho, S.A.; FSC Servicios de Franquicia, S.A.; and Continental Tyres, S.L., (Spanish subsidiaries of the German Continental AG Group); Ercros; Banesto etc., and is currently a Director and Secretary-General of the ACS Group, and Director and Secretary to the Board of Directors of its main subsidiaries (Dragados, S.A.; ACS Servicios, Comunicaciones y Energía, S.A.; and ACS Servicios y Concesiones S.L.). He is also a Member of the Supervisory Board of Hochtief AG and of the Board of Directors of the CIMIC GROUP LIMITED. He is a practicing Attorney.

Total number of Executive Board Members	5
% of total Board	31.25%

Observations

External proprietary board members

Name or company name of the Board Member Representative	Name or company name of significant shareholder represented or proposing appointment	Profile
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.	Born in Madrid in 1943. She holds a Degree in Chemistry and a Degree in Pharmacy from the Universidad Complutense de Madrid. Professional experience: She has been a professor in colleges in Madrid and a technical advisor for GEBLASA, S.A. (a chemical products import and export company) as well as an associate pharmacist in the Pharmacy Office of Madrid (Oficina de Farmacia de Madrid). She is currently a Board Member for ACS Actividades de Construcción y Servicios, S.A. and its subsidiaries ACS Servicios Comunicaciones y Energía, S.L. and DRAGADOS, S.A.
MR. JAVIER ECHENIQUE LANDIRIBAR	CORPORACIÓN FINANCIERA ALCOR, S.L.	Born in Isaba (Navarre) in 1951. He holds a degree in Economic and Actuarial Science. Professional experience: He has been Director-General Manager of Allianz-Ercos and General Manager of the BBVA Group. He is currently Vice President of Banco Sabadell, a Board Member of Actividades de Construcción y Servicios (ACS) S.A. and Grupo Empresarial ENCE S.A. He is also a member of the Fundación Novia Salcedo and Fundación Altuna Trusts. He is also a Board Member and Vice President of Telefonica, S.A.
MR. MARIANO HERNÁNDEZ HERREROS	ROSAN INVERSIONES, S.L.	Born in Torrelavega (Cantabria) in 1943. He holds a degree in Medicine and Surgery from the Universidad Complutense de Madrid and specialized in Psychiatry at the same university. Professional experience: He has spent his entire career as a psychiatrist at the López-Ibor clinic and is the author of numerous scientific publications and has spoken at international conferences. He has been a Board Member of the Dragados Group, Iberpistas, S.A. and Autopistas AUMAR, S.A. He is currently a Board Member of Dragados, S.A. and ACS, Servicios y Concesiones, S.L.

Total number of Proprietary Board Members	3
% of total Board	18.75%

Observations

External independent board members

Name of Board Member	Profile
MR. ANTONIO BOTELLA GARCÍA	Born in Orihuela in 1947. He holds a degree in Law from the Universidad de Murcia, and he became a State Counsel in 1974. Professional experience: He served as State Counsel at the Supreme Court, in the Revenue Service Delegation and at the Courts of Oviedo, in the Revenue Service Delegation and at the Courts of Albacete, in the Office of the President of the National Government attached to the Department of Parliamentary Relations, in the Legal Office of the Ministry of Transport, Tourism and Communications, and at the National High Court. He has also served as Technical General Secretary to the Ministry of Transport, Tourism and Communications, and to the Ministry of Agriculture, Fisheries and Food, while also having served as the Junior Secretary of the Ministry of Agriculture and Conservation. He has taught Law at the Instituto de Empresa, at the Universidad de Oviedo and at the Universidad a Distancia de Albacete. He has held office as a Director at Caja Postal de Ahorros (subsequently Argentaria and now part of BBVA), AVIACO (subsequently merged with IBERIA LAE) and ALDESASA, as well as Secretary to the Board in numerous companies. He is a practicing Attorney.

MRS. CARMEN FERNÁNDEZ ROZADO	She holds a Degree in Business and Economic Sciences and in Political and Sociology Sciences from the Universidad Complutense de Madrid, as well as a PhD in Public Finance from the same university. She has completed the Senior Management Program (PADE) at the IESE Business School (Universidad de Navarra). Government Tax Inspector and Auditor. Professional experience: She began her career in 1984 at the Ministry of Finance, where she also held various positions at the State Agency for Tax Administration. In 1999, she was appointed as a member of the Board of Directors of the National Energy Commission (Comisión Nacional de la Energía), a position she held until 2011. Since then, she has been an international consultant for the development and execution of Business Plans in Energy and Infrastructure in a variety of countries in Latin America and Asia. During 2012 and 2013 she was a member of the Advisory Board of EY; a member of the Advisory Board of Beragua Capital Advisory; and, since April 2015, a director and Audit Committee member at EDP (Energías de Portugal) in Lisbon. Professor at several universities and business schools in Spain and abroad, as well as an author of numerous articles and publications on Taxation, Energy and Sustainability.
MR. EMILIO GARCÍA GALLEGO	Born in Cabreiroá (Orense) in 1947. Qualified as a civil engineer (Madrid 1971), he holds a Law Degree (Barcelona 1982) and has taken doctorate studies at the Universidad Politécnica de Catalunya. Additionally, he has completed the following official courses: Groundwater Hydrology at the Barcelona School of Industrial Engineering; Executive Development (1984–1985) at the Catalonia School of Public Administration; Coastal Engineering at the Catalonia School of Civil Engineering (ETSICCP); and Port and Oceanographic Engineering at the Catalonia ETSICCP. His teaching activity has included the position of professor in charge of the “Soil Mechanics and Special Foundations” course at the Barcelona School of Architecture (1974-1982) and professor in charge of the doctorate course entitled “Consolidation of soft and weak ground” at the Barcelona School of Architecture (1979-1980). Professional experience: Engineer for the Eastern Pyrenees Water Board. Engineer for Fomento de Obras y Construcciones. Representative in Catalonia of the company Grandes Redes Eléctricas S.A. Director of the Ports Authority of the Government of Catalonia. Secretary of the Ports Commission of Catalonia and Co-Director of the Ports Program for Catalonia. Director-General of Infrastructure and Transport for the Government of Galicia. Director-General of Transport for the Government of Catalonia. Assistant Director of the Sanitation Board and Deputy Director of the Water Board for the Government of Catalonia. Director-General of Public Works for the Government of Galicia and Chairman of the Galician Water Board. Chairman of the Spanish Rail Infrastructure Managing Entity (GIF) under the mandate of the Ministry of Development, responsible for the installation of the entire high-speed rail link infrastructure. Chairman of the Galician Ports Authority. Currently: Free practice of civil engineering.
MRS. CATALINA MIÑARRO BRUGAROLAS	She was born in Spain in 1963. She holds a degree in Law awarded in 1986 by the Universidad Complutense de Madrid, and she passed the examination to become a State Counsel in 1989. Professional experience: Currently on extended leave of absence, she served as State Counsel at the National High Court and at the Court of Auditors, in the Directorate General of the Treasury and Finance Policy, as Secretary to the Madrid Regional Financial and Administrative Tribunal, as State Counsel in the Ministry of Health and Consumer Affairs, and as State Counsel at the Madrid High Court of Justice. She has also served as Technical General Secretary to the Office of the Presidency of the Autonomous Community of Madrid, Chief Legal Officer of the State holding company Sociedad Estatal de Participaciones Estatales, Secretary to the Board of Sociedad Estatal de Transición al Euro, Secretary of the Board of Saeta Yield and a Director of Autoestradas de Galicia, S.A. Currently, she is an independent Board Member of MAPFRE, S.A.
MR. JOSÉ ELADIO SECO DOMÍNGUEZ	Born in Vequellina de Órbigo (León) in 1947. Graduated as a Civil Engineer from the Escuela Superior de ICCP de Madrid [Madrid School of Engineering], specializing in Transportation, Ports and Town Planning. Professional experience: He began his professional career in 1972 in state engineering company INECO, where he held several positions until being appointed International Director. In 1988 he joined RENFE where he held various posts until in 2000 when he was appointed CEO of INECO. In 2002 he was appointed Chairman and CEO of AENA, a post he held until 2004 when he was appointed Advisor to the Office of the Presidency of RENFE. He has worked as a Senior Advisor at OCA, S.A., PROINTEC, COLLOSA, INCOSA, NATIONAL EXPRESS-ALSA and MENZIES AVIATION, and has been Chairman of the Spanish consortium for the concession and operation of the high-speed Rio de Janeiro-Sao Paulo-Campinas railroad (Brazil). He is currently Senior Advisor at INDRA, AT KEARNEY and STADLERRAIL.

Total number of Independent Board Members	5
total % of the Board	31.25%

Observations

Indicate whether any director qualifying as independent receives any sum or benefit, other than remuneration as a director, from the company or its group, or maintains or maintained, during the last financial year, a business relationship with the company or any company in its group, whether in their own name or as a significant shareholder, director or senior executive of an organization which maintains or maintained such a relationship.

Where appropriate, include a justified statement from the Board on the reasons why it considers that said director may perform their duties as an independent director.

Name or company name of the Board Member	Description of the relationship	Reasoned statement
No data		

Other external board members

Identify the other external board members and indicate the reasons why they cannot be considered proprietary or independent and their relations, either to the company, its management or its shareholders:

Name of Board Member	Reasons	Company, executive or shareholder with whom there is a relation:	Profile
MR. JOAN DAVID GRIMÀ TERRÉ	Joan David GRIMÀ TERRÉ went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	He was born in Sabadell (Barcelona) in 1953. He has a Doctorate in Economics and Business Administration from the Universidades Autónoma de Barcelona (UAB), and has also studied in the US at Baylor University and Harvard Business School. Professional experience: Between 1982 and 1992 he worked at McKinsey & Co., where he was a partner. From 1992 to 2010 he was the General Manager of Banco Santander. In January 2002 he was appointed as Deputy Chairman and Chief Executive Officer of the AUNA Group, a position which he held, in addition to his duties at Banco Santander, until November 2005. He is a Board Member of ACS, Actividades de Construcción y Servicios, S.A, and of Cory Environmental Holdings Ltd. (UK). He is a Trustee of the Pluralism and Coexistence Foundation (under the mandate of the Ministry of Justice), and a Board Member of Golf La Moraleja.

MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	Pedro López Jiménez went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	He was born in Málaga in 1942. Civil Engineer (graduated in 1965). Partial studies in Journalism and Social Sciences at the Instituto Social León XIII (1960–1962) (ACNPD GRANT). Program in Senior Business Administration (PADE) at the IESE Business School (1995-1996). Awarded the Grand Cross of the Order of Isabel la Católica. Professional experience: He has been: Director of Construcción Centrales Térmicas. Hidroeléctrica Española (1965/70); Board Member and General Manager of Empresarios Agrupados; Board Member of GHESA; Deputy-Secretary of MOPU, Director General of the Porta Authority; Board Member of UE and ENHER; Board Member of INI (1978/79); Chairman of ENDESA (1978/82); Board Member of ATLAS COPCO, SEMI, TECMED, CONTINENTAL AUTO, VIAS Y CONSTRUCCIONES, ENAMSA, TRACTEBEL ESPAÑA, HILATURA DE PORTOLIN; Chairman of UNION FENOSA; Vice-President of INDRA; Board Member of CEPSA; Board Member of LINGOTES ESPECIALES; Chairman and Board Member of GTCEISU CONSTRUCCIÓN S.A. (TERRATEST Group); Board Member of ENCE; Board Member of KELLER GROUP, plc.; and Member of the Board of the UNIVERSIDAD DE ALCALÁ DE HENARES. He is currently: Board Member, Deputy Chairman of the Executive Committee, Member of the Appointments and Remuneration Committee, Member of the Audit Committee of ACS Actividades de Construcciones y Servicios S.A.; Deputy Chairman of Dragados S.A.; Deputy Chairman and Acting Chairman of ACS Servicios y Concesiones S.A.; Deputy Chairman of ACS Servicios, Comunicaciones y Energía; Chairman of the Supervisory Board, of the Human Resources Committee, and of the Appointments Committee of HOCHTIEF; Member of the Board of Directors, of the Remuneration and Appointments Committee, and of the Ethics, Compliance and Sustainability Committee of CIMIC. Board Member of ABERTIS INFRAESTRUCTURAS, S.A.; Member of the Trust and Executive Board of the Piscasso Museum Málaga; Deputy Chairman of the Trust of the Spanish Royal National Library; Deputy Chairman of Real Madrid Football Club and Deputy Chairman of the European Club Association (ECA).
MR. MIGUEL ROCA JUNYENT	Miguel Roca Junyent went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	He was born in Cauderan (France) in 1940. Holds a Law degree from the Universidad de Barcelona. Honorary Doctorates from the Universidades de Educación a Distancia, León, Girona and Cádiz, the Universidad Europea de Madrid and the Universidad Pontifica de Comillas. Chairman of Societat Econòmica Barcelonesa d'Amics del País. Lifetime Patron of Fundación Gala-Salvador Dalí. Founding Patron of Fundación Pro Academia de la Real Academia de Jurisprudencia y Legislación. Member of the ACS Group's Board of Directors since 2003. Board Member of Endesa (until June 2021). Board Member of Aguas de Barcelona Secretary (non-director) of the Board of Directors at Abertis Infraestructuras. Secretary (non-director) of the Board of Directors at Banco de Sabadell. Secretary (non-director) at TYPSA. Secretary (non-director) at WERFENLIFE. Customer Ombudsman for Grupo Catalana Occidente.

Total number of external Board Members	**3**
total % of the Board	**18.75%**

C.1.4 Complete the following table with information relating to the number of women directors at the end of the last four financial years, as well as the nature of those directors:

	Number of women Board Members				% of total Board Members of each category			
	2020 Financial Year	2019 Financial Year	2018 Financial Year	2017 Financial Year	2020 Financial Year	2019 Financial Year	2018 Financial Year	2017 Financial Year
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	1	1	1	33.33%	33.33%	25%	25%
Independent	2	2	2	2	40%	40%	40%	40%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	**3**	**3**	3	3	**18.75%**	**17.65%**	**16.67%**	**16.67%**

C.1.5 Indicate whether the company has diversity policies in relation to the board of directors of the company with regard to issues such as age, gender, disability, or training and professional experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Auditing Act, will have to provide information on, at least, the policy they have in place regarding gender diversity.

Yes	No	Partial Policies
X		

If yes, describe these diversity policies, their objectives, the measures and the manner in which they have been applied and their results in the year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee in order to achieve a balanced and diverse presence of directors should also be indicated.

In the event that the company does not apply a diversity policy, explain the reasons for this.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The ACS Group promotes the implementation and development of diversity and inclusion of all kinds of groups and awareness in different areas and levels of the Group, establishing guidelines that govern the actions of the Group on the matter of diversity.

In this regard, ACS' and its Group's Diversity Policy defines the objectives and commitments on the matter of diversity, including, inter alia, the promotion of integrating people with different profiles in all areas of the business and Group levels; the identification of talent in the selection process, promotion and integration within the Group; the selection of professionals with alternative capabilities; generational diversity in the teams to foster collaboration among older and younger professionals; integration and inclusion of vulnerable groups; promoting implementation of systems for measuring progress in diversity; communication and extension of the commitment to diversity to all employees, suppliers, customers, administrations, social partners and other stakeholders; and maintaining a neutral and inclusive language in internal and external communications. All this in line with the ACS' Code of Conduct and the Corporate Social Responsibility and Human Resources policies.

In addition, in accordance with the Diversity Policy of ACS and its Group, the Rules of Procedure of the Board of Directors will ensure that the selection procedures of its members promote diversity on issues such as age, gender, disability, or training and professional experience and does not entail any bias or discrimination and, in particular, facilitates the selection of women directors that allows for a balanced presence of women and men, informing shareholders and markets through the appropriate channels.

In turn, in accordance with the aforementioned Diversity Policy, the Board of Directors of ACS, in its capacity as parent company of the Group, undertakes to promote the dissemination and application of those principles and guidelines in the governing bodies and executives of the Group companies, ensuring the dissemination of objectives, actions and results.

In addition, the ACS Board of Directors, with the support and collaboration of the Appointments Committee, maintains a policy regarding renewals in the Board of Directors based on coordinating the principles of representativeness with those of diversity and independence, taking into account national and international good governance recommendations, and in this regard, ensuring, particularly where ratifications and re-elections are concerned, appropriate stability in the composition of the Board of Directors and its Committees in order to maintain the necessary suitability of the Board of Directors as a whole by preserving the experience and knowledge of those who have been exercising the position of director.

C.1.6 Explain the measures, where appropriate, that the Appointments Committee has decided upon to ensure that the selection processes do not suffer from implicit biases that hinder the selection of women directors, and that the company deliberately seeks and includes women who meet the professional profile sought among the potential candidates and that makes it possible to have a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of the measures
Article 3.2 of ACS Rules of Procedure of the Board of Directors expressly establishes that the Board should ensure that the selection procedures of its members promote diversity regarding matters such as age, gender, disability or professional experience and knowledge and does not entail any bias or any kind of discrimination and, in particular, facilitates the selection of women directors in sufficient number to allow a balanced representation of women and men, whereby the Appointments Committee has the responsibility of proposing to the Board of Directors "the diversity policy based, among others, on the criteria of age, disability, training, professional experience and gender, establishing objectives in this regard." Article 1.3 of the Code of Conduct of the ACS Group expressly establishes that "any kind of discrimination based on race, nationality, social background, age, sex, marital status, sexual orientation, ideology, political or trade union views, religion or any other personal, physical or social condition will not be tolerated," thus ensuring equal opportunities through its action policies. In this regard, the Appointments Committee favors the inclusion of women among potential candidates, making sure that appropriate professional profiles are combined with the objective criteria of merit and ability. The Company will seek to gradually increase the number of women directors and executives.

When, in spite of the measures which have been adopted, where applicable, the number of women directors or senior executives is few or zero, explain the reasons justifying this:

Explanation of the reasons
As noted above, the selection procedures of Board members seek to facilitate the selection of women directors in sufficient number to allow a balanced representation of women and men, and as such, the Appointments Committee takes into account from among the various diversity criteria the inclusion of potential women candidates when vacancies occur on the Board. However, as gender diversity is a key issue that is taken into account in selection processes, the Appointments Committee must also ensure other criteria for diversity such as training, skills and professional experience are met and that they may be relevant by reason of the sectors of activity and international character of the ACS Group, ensuring that the candidates meet the appropriate professional profile according to the objective criteria of merit and capacity, and by assessing as a relevant criterion the previous knowledge that the candidates have of the Company itself, of its Group and of the sector to which it belongs, seeking to ensure not only the individual suitability of the members of the Board but also the adequacy of the Board of Directors and its Committees as a whole, in accordance with legal requirements and good governance recommendations in this regard, so that the inclusion of women can be progressively

achieved by taking into account the plurality of diversity criteria, the adequacy of the directors as a whole and the necessary stability in the governing bodies.

In this regard, the re-election of two members of the Board of Directors that was submitted to the General Meeting on May 8, 2020, should be included within the overall framework of the above criteria for suitability and diversity.

The General Meeting of May 8, 2020, also set the number of members of the Board of Directors at 16, thus increasing the percentage of women directors over the total membership of the Board of Directors.

As regards female senior executives, the percentage of them over the total number of senior management members is now 10.2%, with the different diversity criteria referred to above being applied in this respect.

C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

Explanation of findings
ACS is committed to promoting diversity, taking into account, among other aspects or criteria, age, gender, training, capacity and professional experience. In this regard, the Board of Directors relies on the Appointments Committee to achieve an appropriate composition of the Board of Directors, this Committee ensuring compliance with the Diversity Policy. In this regard, it is considered that the current composition of the Board of Directors as a whole is appropriate for the best exercise of its functions, taking into account the different requirements of suitability and diversity.

C.1.8 If applicable, explain the reasons for appointing Proprietary Board Members at the request of shareholders who have a holding of less than 3% of share capital.

Indicate whether any formal requests by a shareholder to have a Board member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request proprietary directors were appointed. In this case, explain the grounds for denying this request:

Yes	No
	X

C.1.9 Indicate, if any, the powers and capacities delegated by the Board of Directors to directors or committees of the Board:

Name or company name of the Board Member or committee	Brief description
MR. FLORENTINO PÉREZ RODRÍGUEZ	ALL POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE TRANSFERRED
MR. MARCELINO FERNÁNDEZ VERDES	ALL POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE TRANSFERRED

C.1.10 Identify, if applicable, the Board members who hold office as administrators, representatives of administrators, board members or executives at other companies forming part of the listed company's group:

Name or company name of the Board Member	Company name of the group entity	Position	Executive functions?
MR. MARCELINO FERNÁNDEZ VERDES	HOCHTIEF, A.G.	MANAGING DIRECTOR	YES
MR. ANTONIO GARCÍA FERRER	DRAGADOS, S.A.	CHAIRMAN	NO
MR. ANTONIO GARCÍA FERRER	ACS SERVICIOS, COMUNICACIONES Y ENERGÍA, S.L.	CHAIRMAN	NO
MR. ANTONIO GARCÍA FERRER	ACS SERVICIOS Y CONCESIONES, S.L.	CHAIRMAN	NO
MR. JOSÉ LUIS DEL VALLE PÉREZ	HOCHTIEF, A.G.	MEMBER OF THE SUPERVISORY BOARD	NO
MR. JOSÉ LUIS DEL VALLE PÉREZ	DRAGADOS, S.A.	BOARD MEMBER/SECRETARY	NO
MR. JOSÉ LUIS DEL VALLE PÉREZ	CIMIC GROUP LIMITED	CHAIRMAN	NO
MR. JOSÉ LUIS DEL VALLE PÉREZ	ACS SERVICIOS, COMUNICACIONES Y ENERGÍA, S.L.	BOARD MEMBER/SECRETARY	NO
MR. JOSÉ LUIS DEL VALLE PÉREZ	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER/SECRETARY	NO
MR. JOSÉ LUIS DEL VALLE PÉREZ	COBRA GESTIÓN DE INFRAESTRUCTURAS, S.L.	BOARD MEMBER/SECRETARY	NO
MR. JAVIER ECHENIQUE LANDIRIBAR	ACS SERVICIOS, COMUNICACIONES Y ENERGIA S.L.	CHAIRMAN	NO
MR. MARIANO HERNÁNDEZ HERREROS	DRAGADOS, S.A.	CHAIRMAN	NO
MR. MARIANO HERNÁNDEZ HERREROS	ACS SERVICIOS Y CONCESIONES, S.L.	CHAIRMAN	NO
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	DRAGADOS, S.A.	CHAIRMAN	NO
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	ACS SERVICIOS, COMUNICACIONES Y ENERGIA S.L.	CHAIRMAN	NO
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	HOCHTIEF, A.G.	CHAIRMAN OF THE SUPERVISORY BOARD	NO
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	DRAGADOS, S.A.	DEPUTY CHAIRMAN	NO
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	CIMIC GROUP LIMITED	CHAIRMAN	NO
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ACS SERVICIOS, COMUNICACIONES Y ENERGIA S.L.	DEPUTY CHAIRMAN	NO
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ACS SERVICIOS Y CONCESIONES, S.L.	DEPUTY CHAIRMAN AND ACTING CHAIRMAN	NO

C.1.11 List, where appropriate, the directors or representatives of corporate directors of their company, who are members of the Board of Directors or representatives of corporate directors of other entities listed on regulated markets other than their group, which have been communicated to the company:

Name or company name of the Board Member	Company name of the group entity	Position
MRS. CATALINA MIÑARRO BRUGAROLAS	MAPFRE, S.A.	CHAIRMAN
MRS. CARMEN FERNÁNDEZ ROZADO	ENERGÍAS DE PORTUGAL (EDP)	CHAIRMAN
MR. JAVIER ECHENIQUE LANDIRIBAR	BANCO SABADELL. S.A.	DEPUTY CHAIRMAN
MR. JAVIER ECHENIQUE LANDIRIBAR	GRUPO EMPRESARIAL ENCE. S.A.	CHAIRMAN
MR. JAVIER ECHENIQUE LANDIRIBAR	TELEFONICA, S.A.	DEPUTY CHAIRMAN
MR. MIGUEL ROCA JUNYENT	ENDESA, S.A.	CHAIRMAN
MR. MIGUEL ROCA JUNYENT	AIGÜES DE BARCELONA	CHAIRMAN

C.1.12 Indicate, and if applicable, explain whether the company has established any rules about the maximum number of Boards on which its directors may sit and identify, where appropriate, where this is the case:

Yes	No
	X

C.1.13 Indicate the amounts of the following Board of Directors' global remuneration items:

Remuneration paid to the Board of Directors during the financial year (thousands of euros)	18,966
Amount of total remuneration accumulated by current directors corresponding to pension rights (thousands of Euros)	83,272
Amount of total remuneration accumulated by former directors corresponding to pension rights (thousands of Euros)	0

C.1.14 Identify the Senior Executives who are not Executive Board Members and indicate the total remuneration paid to them during the year:

Name or company name	Position
Mr. Ángel Manuel García Altozano	Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Ángel Manuel Muriel Bernal	Deputy Managing Director to the CEO of ACS, Actividades de Construcción y Servicios, S.A.
Ms. Cristina Aldámiz-Echevarria Gonzalez de Durana	Finance and Corporate Development Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Alejandro Mata Arbide	Administration Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Alfonso Esteban Moreno García	Chief Legal Officer of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Santiago García Salvador	General Manager of Dragados, S.A.
Mr. Enrique José Pérez Rodríguez	Chief Executive Officer of Cogesa, S.A.
Mr. Luis Nogueira Miguelsanz	Secretary General for Construction, Concessions and Services
Ms. Marta Fernández Verdes	Finance Director of Dragados, S.A.
Mr. Ricardo Cuesta Castiñeyra	Head of the Legal Department at Dragados, S.A.
Mr. Eusebio Arnedo Fernández	Head of Resources of Dragados, S.A.
Mr. Alberto Laveron Simavilla	Head of Management Control
Mr. Ricardo Martín de Bustamante Vega	Head of Civil Works at Dragados, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	Head of Construction at Dragados, S.A.

Mr. Alejandro Emilio Canga Botteghelz	Head of Risk at Dragados, S.A.
Mr. Gustavo Tunell Ayuso	Technical Manager of Dragados, S.A.
Mr. Ricardo García de Jalon Morga	Manager for Spain at Dragados, S.A.
Mr. José Antonio López-Monís Plaza	Manager for North America at Dragados, S.A.
Mr. Ricardo Franco Barberán	Manager of North American Operations at Dragados, S.A.
Mr. Jose Luis Mendez Sanchez	Manager for USA at Dragados, S.A.
Mr. Román Garrido Sanchez	Manager for Canada at Dragados, S.A.
Mr. José María Aguirre Fernández	Chairman and CEO of the Industrial Services Area
Mr. Pablo Fernández Fernández	General Manager of Geotecnia y Cimientos, S.A. (Geocisa).
Mr. Francisco Reinoso Torres	Administration and Finance Manager of ACS, Servicios y Concesiones, S.L.
Ms. Nuria Haltwanger	Chairman of Iridium, Concesiones de Infraestructuras, S.A.
Mr. David Cid Grueso	Administration Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Carlos Royo Ibáñez	Operations Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Cristobal Valderas Alvarado	Natural person representing the Sole Administrator of Clece, S.A.
Mr. Javier Román Hernando	General Manager of Clece, S.A.
Mr. Raúl Gutierrez Rodríguez	Administration and Finance Manager of Clece, S.A.
Ms. Purificación González Pérez	HR Manager of Clece, S.A.
Mr. Eugenio Llorente Gómez	Chairman of the Industrial Services division
Mr. José María Castillo Lacabex	CEO of the Industrial Services division
Mr. José Alfonso Nebrera García	General Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. Epifanio Lozano Pueyo	General Corporate Manager of ACS Servicios, Comunicaciones y Energía, S.L.
Mr. Cristóbal González Wiedmaier	Finance Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. Andrés Sanz Carro	Manager of ACS Servicios, Comunicaciones y Energía, S.L.
Ms. Aída Pérez Alonso	Head of the Legal Department at ACS Servicios, Comunicaciones y Energía, S.L.
Mr. José Reis Costa	Chairman of Procme LTD
Mr. Maikel García Sánchez	General Manager of Sociedad Española de Montajes Industriales, S.A. (SEMI).
Mr. Carlos Díaz Hidalgo	General Manager of Imesapi, S.A.
Mr. Marco Antonio Rodriguez	Managing Director of CYMI
Mr. José María Pau	Managing Director of MASA
Mr. José Antonio Fernández García	Managing Director of Cobra Energía
Mr. Jesús Manzano del Pozo	Managing Director of ETRA
Mr. Gustavo Fernández Tresgallo	Managing Director of Maessa Telecomunicaciones, S.A. (Maetel)
Mr. Raúl Llamazares de la Puente	CEO of Intecsa, Initec and Makiber
Mr. Pedro Ascorbe Trian	Chairman of Dragados Off Shore, S.A.
Mr. Antonio Pérez Hereza	General Manager of Sice, Tecnología de Sistemas, S.A.

Number of women in senior management positions	5
Percentage of total senior management members	10.2%

Total Senior Executive remuneration (thousand euros)	35,777

C.1.15 Indicate whether any amendments have been made to the Rules of the Board of Directors during the year:

Yes	No
X	

Description of amendments
On June 26, 2020, the CNMV approved the partial revision of the Code of Good Governance of listed companies, which updated and adapted several recommendations of the Code. On this basis, the Board of Directors at its meeting of December 17, 2020, approved the amendment of its Rules to introduce the amended recommendations of the Code of Good Governance adopted by the Company.

C.1.16 Indicate the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

Procedures for selection, appointment, re-election and removal of members of the Board of Directors of the Company are governed by the Rules of Procedure of the Board of Directors. The Board of Directors of the Company is composed of a minimum of 11 members and a maximum of 21. In accordance with this guideline, the Board of Directors of the Company (having previously informed the Appointments Committee) is responsible for proposing to the General Shareholders' Meeting both the number of directors and the appointment or re-election of natural or legal persons, except in the case of independent directors, whose nominations correspond to the Appointments Committee. The appointment nominations must include the category of the proposed directors and must in any case be accompanied by a report justifying the competence, experience and merits of the nominee to the Board, in accordance with the diversity criteria as referred to in the Diversity Policy (Articles 3 and 5 of the RCA).

In addition, in the event of any vacancies, the Board of Directors may provisionally appoint directors by co-optation until the next General Shareholders' Meeting, following a report or at the proposal of the Appointments Committee depending on the category of director, applying the aforementioned procedures and criteria. If any vacancy arises after the General Shareholders' Meeting has been called but before it is held, the Board of Directors may appoint a director until the following General Meeting is held. The director so appointed by the Board of Directors need not necessarily be a shareholder of the Company (Article 3 RCA).

In turn, the Board of Directors, with the collaboration and support of the Appointments Committee, must ensure that the selection procedures of its members promote diversity of age, gender, disability, and professional training and experience, and do not entail any bias or any kind of discrimination and, in particular, facilitate the selection of women directors in sufficient number so as to allow a balanced representation of men and women, taking into account the criteria established in the Company's Diversity Policy.

The appointment of the directors shall expire when their term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year. Nonetheless, proprietary directors shall tender their resignation to the Board of Directors when the shareholder they represent fully disposes of their shares by any other means (Article 13 RCA).

Directors must also report and, where appropriate, resign in the event of situations that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, any criminal case in which they are under investigation, as well as the progress of the proceedings (Article 14 RCA).

C.1.17 Explain to what extent the annual assessment of the Board led to significant changes to its internal organisation and to the procedures applicable to its activities.

Description of amendments
In accordance with Article 9 of the Rules of Procedure of the Board of Directors, the Board of ACS reviews its operation on an annual basis. The self-assessment process of the Board carried out in 2020 with respect to financial year 2019, which included questionnaires and personal interviews with members of the Board, involved the collaboration of an external consultant. Following the self-assessment process, it was concluded that the Board of Directors is large in scope, although this does not hamper decision-making insofar as intensive work is done by the Executive Committee as well as by the Audit Committee. In this sense, the directors' view is that the Board of Directors has an appropriate composition in view of the ACS Group's decentralized governance model. In addition, with regard to how the Board and its Committees work, the view of the directors is very positive, with unanimous recognition of the efficient functioning of the Board of Directors promoted by its Chairman with the support of the Secretary of the Board of Directors. In this regard, the CNMV Technical Guides 3/2017 and 1/2019 were incorporated into the Rules of Procedure of the Board of Directors and in the 2020 financial year the Rules of Procedure of the Board of Directors were adapted to the partial revision of the Code of Good Governance. This has boosted the internal organization and activities of the Committees and therefore of the Board itself, considering the procedures applicable to their respective activities, highlighting in the assessment of the 2019 financial year some necessary aspects of development such as digitization in the management of the governing bodies and the formalization of an annual report to the Board of Directors regarding the opinion of institutional investors and proxy advisors. Moreover, the assessment of the 2020 financial year, including questionnaires and personal interviews with members of the Board, is currently underway. In any case, the result of the assessment will be reported in next year's Annual Corporate Governance Report.

Describe the assessment process and the areas that have been evaluated by the Board of Directors, assisted by an external consultant, where appropriate, with regard to the functioning and composition of the Board and its committees and any other areas or aspects that have been assessed.

Description of the assessment process and evaluated areas
The Board carries out an annual evaluation of its functioning as well as that of its Committees (Executive Committee, Audit Committee, Remuneration and Appointments Committee) consisting of the completion by each director of a comprehensive written questionnaire which is sent by the Secretary of the Board of Directors to all members and to those of the respective Committees. The result of the questionnaire, the evolution of their perception of the Board of Directors and its Committees and the measures to be taken, if necessary, to improve its functioning, are discussed individually with each member of the Board of Directors. As noted above, the self-assessment process of the Board carried out in 2020 with respect to financial year 2019, which included questionnaires and personal interviews with members of the Board, involved the collaboration of an external consultant. Among other issues, the composition of the Board of Directors and its Committees, its organization and functioning and performance of responsibilities by the Board and its Committees, the Chairman of the Board, the CEO and the General Secretary were evaluated. Following the self-assessment process, a work plan was developed to make progress in the various areas for improvement identified by directors. In addition, the evaluation process for the 2020 financial year currently underway includes the completion of questionnaires by directors as well as personal interviews. In any case, the process carried out and the result of the assessment will be reported in next year's Annual Corporate Governance Report.

C.1.18 Provide a breakdown for those financial years in which the assessment process involved an external consultant, of the business relationships that the consultant or any company in its group maintains with the company or any company in its group.

The external consultants who have worked on the Company's assessment process do not have personal or familial relationships with the directors of the Company, they are not significant shareholders and there are no conflicts of interest that could undermine its objectivity.

C.1.19 Indicate the cases in which the Board Members must resign.

In accordance with Article 13 of the Rules of Procedure of the Company's Board of Directors, proprietary directors shall resign from the Board of Directors when the shareholder they represent fully disposes of their shares by any means.

Similarly, in accordance with Article 14 of the Rules of Procedure of the Company's Board of Directors, they must report and, where appropriate, resign in the event of situations that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, any criminal case in which they are under investigation, as well as the progress of the proceedings. The Board of Directors, having been informed or otherwise made aware of the case, will examine it as soon as possible and, taking into account the specific circumstances, will decide, following a report from the Appointments Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal.

C.1.20 Are qualified majorities, other than statutory majorities, required for any type of decision?

Yes	No
	X

C.1.21 State whether there are specific requirements, other than those related to Board Members, to be nominated as Chairman.

Yes	No
	X

C.1.22 Indicate whether the By-laws or the Rules of the Board of Directors set any age limit for Board Members::

Yes	No
	X

C.1.23 Indicate whether the By-laws or Rules of the Board establish a limited mandate or other stricter requirements in addition to those legally provided for by independent directors, other than that laid down in the rules:

Yes	No
	X

C.1.24 Indicate whether the Company By-laws or the Rules of Procedure of the Board of Directors establish specific rules for delegating votes on the Board of Directors in favor of other members, the form of doing so and, in particular, the maximum number of delegations that a director can hold, as well as any limitations established with regard to the classes of Board member to whom votes may be delegated above and beyond the legal restrictions established. Where applicable, give a brief description of these rules.

In accordance with Article 11 of the Rules of Procedure of the Board of Directors, and without prejudice to their obligation to attend Board meetings, directors who are unable to attend a meeting personally may be represented at the meeting and cast their vote by delegation to another director. This delegation must be in writing to the Chairman and must be in the form of a letter, email or any other written means that acknowledges receipt by the addressee. Non-executive directors may only delegate their votes to other non-executive directors.

C.1.25 Indicate the number of meetings that the Board of Directors held during the year. In addition, indicate the number of times the Board has met without the presence of the Chairman, if applicable: In this calculation, Board members who have granted proxies with specific instructions shall be considered to have been present.

Number of Board meetings	9
Number of Board meetings without chairman's attendance	0

Indicate the number of meetings held by the coordinating director with the rest of the directors, without the attendance or representation of any of the executive directors:

Number of meetings	0

Indicate the number of meetings held during the year by the different Board committees:

Number of Executive Committee meetings	8
Number of Audit Committee meetings	6
Number of Appointments Committee meetings	5
Number of Remuneration Committee meetings	2

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and information about member attendance:

Number of meetings attended by at least 80% of the directors	9
Number of attendances as a % of the total votes during the year	100%
Number of meetings with full director attendance, whether in person or by representation with specific instructions	9
Number of votes cast with attendance in person and representations made with specific instructions as a % of the total votes during the year	100%

C.1.27 Indicate whether the individual and consolidated financial statements are certified before being presented to the Board of Directors for formulation:

Yes	No
X	

Identify, if applicable, the person(s) who certified the company's individual and consolidated financial statements for formulation by the Board:

Name	Position
ÁNGEL MANUEL GARCÍA ALTOZANO	CORPORATE GENERAL MANAGER

C.1.28 Explain, if any, the mechanisms established by the Board of Directors to ensure that the financial statements presented by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with accounting rules.

As established in the current Article 24 of the Rules of Procedure of the Board of Directors, meetings shall be held with the Audit Committee at the beginning and end of the audit of the Company's and its Group of Companies' individual financial statements, and before the issue of the pertinent audit reports. The Committee shall also meet on the occasion of the preparation of the mandatory financial and related non-financial information that the Company is required to publish.

The meetings of the Audit Committee shall be attended, when expressly summoned, by the Auditor of the Company for the purposes of explaining the more salient aspects of the audits, which allows the Commission to compare, with sufficient notice, any divergences between the accounting policies of the Company and its Group of Companies and the interpretation of the Auditor.
In addition, the functions of the Audit Committee are:

- To oversee and assess the preparation and presentation of the Company's, and where applicable the Group's, financial and non-financial information, reviewing compliance with regulatory requirements and ensuring appropriate definition of the scope of consolidation and proper application of accounting criteria and, in particular, to know, understand and monitor the effectiveness of the Internal Control over Financial Reporting System (ICFR). The Committee may submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of the financial information.
- To report, in advance, to the Board of Directors on the financial information that the Company must periodically make public.
- To ensure that the Financial Statements presented to the General Shareholders' Meeting by the Board of Directors are drawn up in accordance with accounting rules.

C.1.29 Is the Secretary of the Board a Board Member?

Yes	No
X	

C.1.30 Indicate the specific mechanisms established by the company to maintain the independence of external auditors, as well as, if any, the mechanisms to maintain the independence of financial analysts, investment banks and ratings agencies, including how legal forecasts have been implemented in practice.

The mechanisms established by the Company to maintain the independence of external auditors, financial analysts, investment banks and ratings agencies fall within the functions of the Audit Committee set out in Article 24 of the Rules of Procedure of the Board of Directors.

Regarding the auditor, Article 24 of the Rules of Procedure of the Board of Directors expressly provides that the functions of the Audit Committee include that of establishing appropriate relations with the external auditor to receive information, for consideration by the Committee, on any issues that could jeopardize their independence and any other issues related to the accounts auditing process and, where appropriate, the authorization of services other than those prohibited under the provisions of the applicable regulations, as well as any other communications provided for in the accounts auditing legislation and auditing standards. In any case, a declaration of independence must be received annually from the external auditors in relation to the entity or entities directly or indirectly linked to the company, as well as detailed and personalized information on any additional services of any kind provided and the corresponding fees received from said entities by the external auditor, or by persons or entities related thereto, in accordance with the provisions of the applicable legislation on accounts auditing.

Aside from the above, the accounts auditor regularly reports to the Audit Committee on the work carried out other than the audit of accounts in accordance with the Company's current policy, as the Company has a Corporate Procedure on compliance of the independence of the statutory auditor, whose objective is to establish the framework for the ACS Group within which the legal auditor of the company is authorized to provide non-audit services and establishes the procedure to be followed to allow for the approval of services that may be considered admissible. This policy is applicable to all entities that are part of the ACS Group, regardless of the jurisdiction in which the entity is domiciled.

The Audit Committee is also responsible for raising any proposals for the selection, appointment, reappointment and removal of the external auditor with the Board of Directors. In so doing, it assumes responsibility for the selection process and the conditions of their employment, and to this end shall: (i) define the procedure for selecting the auditor; (ii) issue a reasoned proposal containing at least two alternatives for selecting the auditor, except in the case of re-election of the auditor; (iii) regularly collect from the external auditor information on the audit plan, and its implementation, and any other issues related to the accounts auditing process, in particular discrepancies that may arise between the accounts auditor and the management of the Company, in addition to maintaining its independence in exercising its functions, (iv) ensure that the external auditor's remuneration for their work does not compromise their quality or independence, as well as establish a guideline limit on the fees the auditor may receive annually for non-audit services, (v) ensure that the company and the external auditor respect prevailing regulations governing the provision of services other than auditing, the limits on the concentration of the auditor's business and other regulations governing auditor independence in general and (vi) make a final assessment of the auditor's performance and how they have contributed to the quality of the audit and the integrity of the financial information.

In turn, the Audit Committee, which is responsible for relations with the external auditors of the Company, shall refrain from proposing to the Board of Directors, and this to raise it at the General Meeting, the appointment of any auditing company that is in a situation of legal incompatibility under the audit legislation.

C.1.31 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditors:

Yes	No
	X

C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group and, if so, state the amount of fees received for such work and the percentage that this figure represents of the fees billed to the company and/or its group for audit services:

Yes	No
X	

	Company	Companies of the Group	Total
Amount of other non-audit work (thousands of euros)	440	1,624	2,064
Amount of non-audit work/Amount of audit work (in %)	75.3%	18.8%	22.4%

C.1.33 Indicate whether the Auditors' report on the financial statements for the previous year had any qualifications. If necessary, state the reasons given to shareholders at the General Meeting by the Chairman of the Audit Committee to explain the content and scope of such qualifications.

Yes	No
	X

C.1.34 Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the individual and/or consolidated financial statements of the Company. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

	Individual	Consolidated
Number of uninterrupted years	2	2

	Individual	Consolidated
Number of years audited by current auditing firm / Number of years that the company or the group has been audited (as a %)	6.45%	6.45%

C.1.35 Indicate whether there is a procedure for the Board Members to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance and, if so, give details:

Yes	No
X	

Detail of procedure

In the performance of their duties, the director of the Company is under the obligation to request, and has the right to obtain from the Company, adequate and necessary information to help fulfill their obligations. Unless the Board of Directors had been constituted or had been exceptionally convened for urgent reasons, the directors must have the information necessary to deliberate and adopt agreements on the matters to be dealt with sufficiently in advance and in the appropriate format (Articles 17 and 21.2.c) of the Rules of the Board of Directors).

Without prejudice to the said right to information, directors also have the right to seek external advice when they deem it necessary to properly perform their duties, expressly provided for in the Rules of Procedure of the Board of Directors in respect of the members of the Board's Committees (Articles 24, 26 and 27), which shall be understood to apply in a general way to all members of the Board of Directors in connection with how they carry out their duties. Requests from directors not only for information but also for external advice shall be channeled through the Secretary of the Board of Directors.

C.1.36 Indicate and, if necessary, provide details if the company has established rules that oblige the directors to report and, where applicable, to resign in cases that affect them, whether or not related to their activities in the company itself and that may damage the company's credit and reputation:

Yes	No
X	

Explanation of rules

Articles 14 and 15 of the Rules of Procedure of the Board of Directors regulate the general duties of diligence and loyalty of directors in carrying out their duties. Without prejudice to the specific developments of both duties in the aforementioned Articles of the Board Rules, it must be understood that they fall within the scope of general duties, particularly that of loyalty, the obligation of directors to report and, where appropriate, resign in those cases that may affect the credit and reputation of the Company, without prejudice to the fact that this matter can be developed through appropriate policies and controls to prevent possible corrupt practices and other irregular practices. In this sense, Article 14.2 details the duty of loyalty of the directors and requires the necessary measures to be taken to avoid any situations in which their interests may conflict with corporate interest and their duties to the Company.

Likewise, and on the basis of the aforementioned duty of loyalty referred to in Article 14 of the Rules of Procedure of the Board of Directors, the directors shall resign when situations that affect them arise, whether or not related to their activities in the Company itself, that could harm the credit and reputation of the Company. They shall also be obliged to inform the Company on the basis of the above-mentioned general duty of loyalty in respect of any criminal case in which they are being investigated, as well as on its progress.

In any event, and in line with the above, Article 15 of the Rules of Procedure of the Board of Directors specifies the obligation of the directors to communicate to the Board of Directors any situation of conflict, direct or indirect, that they or persons linked to them might have in the interests of the Company.

C.1.37 Indicate, unless special circumstances have been recorded in the minutes, whether the Board has been informed or otherwise become aware of any situation affecting a director, whether or not related to their actions in the company itself, that could damage the Company's credit and reputation:

Yes	No
	X

C.1.38 Detail any significant agreements entered into by the Company that will come into force, be modified or terminate in the event of a change of ownership of the Company resulting from a takeover bid, and the effects thereof.

On June 8, 2020, under the Euro Medium Term Note Program (EMTN Program), which was approved by the Central Bank of Ireland, ACS, Actividades de Construcción y Servicios, S.A. performed a Notes issue in the Euro market for the amount of EUR 750 million. This issue, with a five year term, was disbursed on June 17, 2020, and has an annual coupon of 1.375%. The Notes are expected to be admitted to trading on the Irish Stock Exchange.

C.1.39 Identify in an individual way for directors, and in aggregated form for other cases, and indicate, in detail, the agreements between the Company and its executive and management posts or employees who have severance payments, guarantee or golden parachute clauses, when they resign or are dismissed unfairly or the contractual relationship ends due to a takeover bid or other type of operation.

The General Meeting shall be deemed to have been informed of the clauses to the extent that they may be mentioned in the Annual Remuneration Report submitted for approval at the Ordinary General Meeting on a consultative basis.

The directors, both executive and non-executive, do not have a right to severance payment in the event of termination of their functions as directors.

Indicate whether, beyond the cases stipulated in the regulations, these contracts have to be disclosed to and/or approved by the bodies of the Company or of its Group. If so, specify the procedures and scenarios and the nature of the bodies responsible for their approval or disclosure:

	Board of Directors	General Meeting
Body authorising the clauses	X	

	YES	NO
Is the General Meeting informed about the clauses?	X	

C.2 Committees of the Board of Directors

C.2.1 Detail all the Committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external Board Members on them:

Executive Committee

Name	Position	Category
MR. FLORENTINO PÉREZ RODRÍGUEZ	CHAIRPERSON	Executive
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	DEPUTY CHAIRMAN	Other External
MR. MARCELINO FERNÁNDEZ VERDES	BOARD MEMBER	Executive
MR. ANTONIO GARCÍA FERRER	BOARD MEMBER	Executive
MR. JAVIER ECHENIQUE LANDIRIBAR	BOARD MEMBER	Nominee
MRS. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent

% Executive Board Members	50%
% Proprietary Board Members	16.66%
% Independent Board Members	16.66%
% Other External Board Members	16.66%

Explain the functions delegated or assigned to this committee which differ from those already described in section C.1.9 and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, by-laws or other corporate agreements has worked in practice.

The Executive Committee exercises all duties delegated thereto by the Board of Directors, except those that cannot be delegated by law or by the Company By-Laws. However, the Board of Directors may compel knowledge and decision on any matter of its competence, and in turn, the Executive Committee may subject any matter to the decision of the Board of Directors for which it is authorized to decide on but that it deems necessary or advisable for the Board to handle.

The Committee shall meet as often as it is convened by its Chairman, on their own initiative or at the request of at least two of its members. It shall be deemed to be in session when the majority of its members attend, present or by proxy, and, unless the legislation in force, the Company By-laws or the Rules of Procedure of the Board of Directors provide otherwise, it shall adopt its agreements by majority vote of those attending in person or by proxy.

The Secretary of the Board of Directors serves as Secretary of the Committee and with voice but not vote.

To the extent that it is necessary and with the natural adaptations, the functioning of the Executive Committee shall be governed by the provisions of the Rules of Procedure of the Board of Directors.

During the 2020 financial year, the Executive Committee met eight times to analyze in depth the financial information of the Company, and took decisions in the various areas of its competence, particularly in relation to the objectives and strategies to be followed when conducting business.

Audit Committee

Name	Position	Category
MRS. CARMEN FERNÁNDEZ ROZADO	CHAIRPERSON	Independent
MR. EMILIO GARCÍA GALLEGO	BOARD MEMBER	Independent
MRS. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	Independent
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Nominee
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	BOARD MEMBER	Other External

% Proprietary Board Members	20%
% Independent Board Members	60%
% Other External Board Members	20%

Explain the functions assigned to this committee, including, where appropriate, any additional functions to those provided for in the law, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, by-laws or other corporate agreements has worked in practice.

The functions of the Audit Committee are as follows:

Regarding the supervision of financial and non-financial information:

a. To report to the General Shareholders' Meeting on the issues arising in relation to those matters within the competence of the Committee and, in particular, on the outcome of the audit, explaining how this has contributed to the integrity of the financial information and the function that the Committee has played in this process.

b. To oversee and assess the preparation and presentation of the Company's, and where applicable the Group's, financial and non-financial information, reviewing compliance with regulatory requirements and ensuring appropriate definition of the scope of consolidation and proper application of accounting criteria and, in particular, to know, understand and monitor the effectiveness of the Internal Control over Financial Reporting System (ICFR). The Committee may submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of the financial information.

c. To report, in advance, to the Board of Directors on the financial information that the Company must periodically make public.

d. To ensure that the Financial Statements that the Board of Directors presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations and that, in those cases in which the accounts auditor has included a proviso in their audit report, the Chairman of the Audit Committee clearly explains to the General Shareholders' Meeting the opinion of the Audit Committee regarding its content and scope, making a summary of this opinion available to the shareholders at the time of publication of the call to the Meeting, together with the rest of the proposals and reports of the Board.

Regarding the supervision of internal controls and internal audit:

e. To monitor the effectiveness of the Company's internal controls, ensuring that the policies and systems established regarding internal controls are applied effectively in practice, and in the internal audit, and discuss any significant weaknesses in the internal control system detected during the audit with the accounts auditor, without compromising their independence, with a view to reaching conclusions on the level of trust and reliability of the system. For this purpose, and if applicable, the Committee may submit recommendations or proposals to the Board of Directors and the relevant period for follow up.

f. To oversee the independence of the internal audit unit; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for the service; approve its orientation and the annual internal audit work plan, ensuring that activities are directed principally toward key risks (including reputational risks); receive regular information on its activities; and ensure that senior management takes into consideration the conclusions and recommendations of internal audit reports; and evaluate on an annual basis the functioning of the internal audit unit and the performance of its duties by their manager.

g. To establish and oversee a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to communicate confidentially on any potentially significant irregularities, including financial and accounting irregularities, or irregularities of any other nature, related to the Company that they may identify within the Company or its group, by receiving regular information on its operation and being able to propose the appropriate actions for its improvement and future risk reduction.

Regarding the supervision of risk management and control:

h. To supervise and evaluate the effectiveness of financial and non-financial risk management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks.

i. To re-evaluate, at least annually, the list of the most significant risks, both financial and non-financial, to assess their tolerance level, and propose, where appropriate, their adjustment to the Board of Directors. To this end, the Committee shall meet with senior officials of the business units at least annually in which they explain the business trends and associated risks.

j. To directly oversee the performance of the internal control and risk management functions carried out by any unit or department of the Company.

In relation to the external auditor:

k. To raise any proposals for the selection, appointment, reappointment and replacement of the external auditor to the Board of Directors. In so doing, assuming responsibility for the selection process and the conditions of their employment, and to this end shall:
   1. define the procedure for selecting the auditor; and
   2. submit a reasoned proposal containing at least two alternatives for selecting the auditor, except in the case of reelection of the same.

l. To collect information on a regular basis from the external auditor on the audit plan and its implementation, and any other issues related to the accounts auditing process, particularly regarding any discrepancies that may arise between the accounts auditor and management of the Company, in addition to preserving their independence in the exercise of their functions.

m. To establish appropriate relations with the external auditor to receive information, for consideration by the Committee, on any issues that could jeopardize their independence and any other issues related to the accounts auditing process and, where appropriate, the authorization of services other than those prohibited under the provisions of the applicable regulations, as well as any other communications provided for in the accounts auditing legislation and auditing standards.

   In any case, a declaration of independence must be received annually from the external auditors in relation to the entity or entities directly or indirectly linked to the company, as well as detailed and personalized information on any additional services of any kind provided and the corresponding fees received from said entities by the external auditor, or by persons or entities related thereto, in accordance with the provisions of the applicable legislation on accounts auditing.

n. To issue an annual report, prior to the issuance of the accounts audit report, expressing an opinion on whether the independence of the accounts auditor has been compromised or not. This report shall in any case address the reasoned assessment of each of the additional non-audit services referred to in the preceding paragraph, considered both individually and as a whole, and the system in place to assure the auditor independence and compliance with prevailing audit regulations.

ñ. To examine the circumstances and reasons in the event of resignation of the external auditor..

o. To ensure that the remuneration of the external auditor for their work does not compromise its quality or independence, and establish a guide on the fees that the auditor can receive annually for non-audit services.

p. To oversee reporting by the company of any change of auditor through the CNMV, and to ensure that it is accompanied by a statement with regard to the possible existence of disagreements with the outgoing auditor, if any, and the content thereof.

q. To ensure that the external auditor holds an annual meeting with the whole of the Board of Directors to report on the audit work carried out and on the evolution of accounting matters and the risks to which the Company is exposed.

r. To ensure that the company and the external auditor respect prevailing regulations governing the provision of services other than auditing, the limits on the concentration of the auditor's business and other regulations governing auditor independence in general.

s. To perform a final assessment of the auditor's actions and how they have contributed to the quality of the audit and the integrity of the financial information.

Other functions:

t. To report to the Board of Directors on all matters where so required by Law, the Company By-Laws and the Board Rules, in particular with regard to:

   1. the economic conditions and the accounting impact and, where appropriate, on the proposed exchange ratio, and the operations and corporate structural changes that the Company plans to carry out.
   2. the creation or acquisition of investments in special purpose entities or registered in countries or territories listed as tax havens; and
   3. related party transactions.

In addition, the Committee, in relation to corporate governance and sustainability in environmental and social matters, has the following functions:

- The supervision of compliance with the rules of corporate governance and the internal codes of conduct of the Company, as well as ensuring that the corporate culture is aligned with its purpose and values.
- The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisors and other stakeholders. The way in which the Company communicates and engages with small and medium-sized shareholders will also be monitored.

- The evaluation and periodic review of the company's corporate governance system and its environmental and social policy, in order to ensure that they fulfill its mission of furthering the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- Ensuring that the Company's environmental and social practices are in line with the defined strategy and policy.
- Supervising and evaluating processes affecting different stakeholder groups.

The Audit Committee shall be deemed duly convened when the majority of its members attend and agreements are adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Audit Committee shall meet as often as it may be convened by the Chairman, and it shall in any event meet at the beginning and end of the audit of the Company's and its Group of Companies' individual and consolidated financial statements, and before the issue of the pertinent audit reports. The Committee shall also meet on the occasion of the preparation of the mandatory financial information which the Company is required to publish. The Company's Auditor, as well as the internal auditor, may attend meetings of the Audit Committee where specifically summoned to explain key issues arising from the audit procedures carried out. The Committee may also summon any employee or executive of the Company, and even order that they appear without the presence of any other executive, as well as request the attendance at their meetings of any other persons, although this may only be done at the invitation of the Chairman of the Committee and only to deal with those specific items on the agenda for which they have been cited to the extent that it is justified by the matter in question. In particular, the guests shall not attend the deliberation and voting phases of the Committee.

The Secretary of the Company's Board of Directors shall attend Committee meetings with voice but not vote, and shall take the minutes, copies of which shall be sent upon approval to each of the members of the Board of Directors.

To the extent that it is necessary and with the natural adaptations, the functioning of the Audit Committee shall be governed by the provisions of the Rules relating to the functioning of the Board of Directors.

In 2020, the Audit Committee met six times, and performed, inter alia, the following functions within the scope of its competencies:

- Within the framework of its duty of information to the General Meeting, the report on the performance of the Audit Committee was made available to the shareholders when the meeting was convened.
- With regard to monitoring the effectiveness of the internal controls, internal audit and risk management systems:
  - The Internal Corporate Audit Management presented the 2019 Activities Report and Audit Plan for 2020 to the Audit Committee, in addition to presenting a summary of the reports already made and the situation of the internal audits of the various business areas to the Audit Committee at each of its meetings.
  - Regarding internal audits and, in particular, those relating to the ICFR and internal fiscal control standard, the conclusions are included in the audit reports that the Internal Audit Management periodically presents to the Audit Committee.
  - Likewise, the Audit Committee approved the Tax Memorandum for the 2019 period, which makes reference, in terms of risk management in the Group, to the internal fiscal controls of the ACS Group, containing a general framework of control and standards of detail, adapted to the respective business segments, as approved by the boards of directors of the three Spanish parent companies of the business segments and the Fiscal Transparency Report for the 2019 financial year.
- In relation to monitoring the preparation and presentation process of financial information, particularly with regard to the individual and consolidated financial statements for 2019:
  - At its February and March 2020 meetings, with the presence of the external auditors and CEO, the Audit Committee examined the individual and consolidated financial statements for 2019 and issued a favorable report. The Audit Committee did not identify any significant incidents for which it was necessary to make any recommendations to the Board of Directors to safeguard the integrity of financial information.
  - Also at the March meeting, the Audit Committee unanimously agreed to issue a favorable opinion on the Annual Corporate Governance Report.

– Regarding the independence of the accounts auditor, it has informed the Audit Committee in writing of its independence.

– Regarding the periodic financial information, the Audit Committee reviews, prior to submission, the quarterly financial information sent to the CNMV. The scope of this review covers both information contained in the official formats of the CNMV and the information that the Company submits to the same in the publication of its quarterly results, verifying that the information expressed therein is coherent, and analyzing the rationality of the criteria applied and the accuracy of its figures.

– Both in the corresponding Annual Corporate Governance Report (CGAR) for 2019 (Section D) and in the corresponding section of the consolidated annual financial statements for 2019, which were examined and reported on favorably by the Audit Committee, at its meetings held on February 18 and March 26, 2020, reference is made to the Transactions executed and balances held with related parties.

– As part of the Board's assessment, the external consultant who took part in said assessment interviewed members of the Audit Committee to review the questionnaires and collate areas for improvement identified by directors. The functioning of the Committee received a positive assessment from its members.

– In addition, the Committee, within the framework of the function of monitoring compliance with internal codes and the corporate social responsibility policy, approved the 2019 Activity Report for the Code of Conduct Monitoring Committee and the ACS Group Sustainability Monitoring Report.

Also, at its meeting on March 26, 2020, the Board of Directors approved the proposal to amend its Rules to introduce the basic criteria and principles of Technical Guide 1/2019 in relation to the composition, roles and functioning of the Appointments and Remuneration Committees, which in some specific respect also extend to the Audit Committee, which in turn was updated at its meeting of December 17, 2020, to adapt it to the partial revision of the Code of Good Governance approved by the CNMV in June 2020.

Identify the directors appointed to a seat on the Board of the Audit Committee in view of their knowledge and expertise in accounting and audit matters, and indicate the date on which the Audit Committee's Chairman was appointed to office.

Name of Directors with relevant expertise	MS. CARMEN FERNÁNDEZ ROZADO, MS. CATALINA MIÑARRO BRUGAROLAS AND MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ
Date of the chairman's appointment to the office	28/02/2017

Appointments Committee

Name	Position	Category
MRS. CATALINA MIÑARRO BRUGAROLAS	CHAIRPERSON	Independent
MR. JAVIER ECHENIQUE LANDIRIBAR	BOARD MEMBER	Nominee
MRS. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent
MR. JOAN DAVID GRIMÀ TERRÉ	BOARD MEMBER	Other External
MR. MARIANO HERNÁNDEZ HERREROS	BOARD MEMBER	Nominee
MR. PEDRO LÓPEZ JIMÉNEZ	BOARD MEMBER	Other External

% Proprietary Board Members	33.33%
% Independent Board Members	33.33%
% Other External Board Members	33.33%

Observations

Explain the functions assigned to this committee, including, where appropriate, any additional functions to those provided for in the law, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, by-laws or other corporate agreements has worked in practice.

The functions of the Appointments Committee are as follows:

Regarding the composition of the Board of Directors:

a. To evaluate the capabilities, expertise and experience required by the Board of Directors. For these purposes, the Appointments and Remuneration Committee shall define the necessary skills and abilities of the candidates to cover any vacancy and shall evaluate the time and dedication required for them to discharge the related duties effectively, ensuring that the non-executive directors have enough time to correctly carry out their functions.

   For these purposes, the Committee shall prepare and periodically update a matrix with the necessary competences of the Board that defines the skills and knowledge of the candidates for directors, especially those of executives and independent directors.

b. To propose the diversity policy to the Board of Directors based on the criteria of age, disability, education, professional experience and gender, among others, establishing the objectives in this regard.

c. To verify the category of directors on an annual basis.

Regarding the selection of directors and senior executives:

d. To make proposals to the Board of Directors for the appointment of independent Boards of Directors by co-option or by approval at the shareholders' General Meeting, as well as proposals for the re-election or removal of such Board Members by the General Meeting.

e. To make proposals for the appointment of other Board Members by co-option or by approval at the shareholders' General Meeting, as well as proposals for the re-election or removal of such Board Members by the General Meeting.

f. To make proposals for the appointment or removal of Senior Executives, especially those who will form part of the Group's Management Committee, and to make proposals for the basic conditions of their contracts, working alongside the Remuneration Committee when necessary.

g. To periodically verify the criteria for the selection of directors.

Regarding the positions of the Board:

h. To report on the proposals for the appointment of the Chairman and, where appropriate, the Vice-Chairmen of the Board.

i. To report on the proposals for the appointment of the Secretary and, where appropriate, the Vice-Secretaries of the Board of Directors.

j. To suggest, where appropriate, the appointment of the Coordinating Director.

k. To examine and organize the succession of the Chairman of the Board of Directors and of the Chief Executive Officer of the Company and, if applicable, to put forward proposals to the Board of Directors for such succession to occur in an orderly and well-planned fashion, drawing up a succession plan for this purpose.

Other functions:

l. To lead, in coordination with the Chairman of the Board and with the collaboration, where appropriate, of the Coordinating Director, the annual assessment of the Board regarding the operation and composition of the same, its Committees and the directors of the Company.

m. To periodically design and organize knowledge update programs for directors, in coordination, if necessary, with the Remuneration Committee.

n. To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the Committee.

To the extent that it is necessary and with the natural adaptations, the functioning of the Appointments Committee shall be governed by the provisions of the Rules relating to the functioning of the Board of Directors.

The Appointments Committee shall meet when convened by the Chairman and at least three times a year. The meeting shall only be deemed to be convened when the majority of its members attend and agreements are adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie.

The Secretary of the Company's Board of Directors shall attend Committee meetings with voice but not vote, and shall take the minutes, copies of which shall be sent upon approval to each of the members of the Board of Directors.

During 2020, the Appointments Committee met on five occasions, and took decisions in its various areas of competence. Among other issues, the Committee informed the Board of Directors favorably of the proposals to the ACS General Shareholders' Meeting of the re-election of Mr. Mariano Hernández Herreros and Mr. Javier Echenique Landiríbar. Also, the Committee proposed the appointment of Mr. Pedro López Jiménez as a member of the Audit Committee to fill the vacancy resulting from the passing of Mr. José María Loizaga Viguri and the independent director, Ms. Carmen Fernández as a member of the Executive Committee to also fill the vacancy resulting from the passing of Mr. José María Loizaga Viguri and reported favorably on the appointment of several senior executives of the Group.

With regard to the Board's assessment, the external consultant who took part in said assessment interviewed members of the Appointments Committee to review the questionnaires and collate areas for improvement identified by directors. The functioning of the Committee received a positive assessment from its members.

Within the framework of its duty of information to the General Meeting, the report on the performance of the Appointments Committee was made available to the shareholders when the meeting was convened.

Remuneration Committee

Name	Position	Category
MR. ANTONIO BOTELLA GARCÍA	CHAIRPERSON	Independent
MR. EMILIO GARCÍA GALLEGO	BOARD MEMBER	Independent
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Nominee
MR. MIGUEL ROCA JUNYENT	BOARD MEMBER	Other External
MR. JOSÉ ELADIO SECO DOMÍNGUEZ	BOARD MEMBER	Independent

% Proprietary Board Members	20%
% Independent Board Members	60%
% Other External Board Members	20%

Explain the functions assigned to this committee, including, where appropriate, any additional functions to those provided for in the law, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, by-laws or other corporate agreements has worked in practice.

The functions of the Remuneration Committee are as follows:

a. To report to the Board of Directors on policy regarding the remuneration of directors and general managers or other persons discharging senior management duties and reporting directly to the Board of Directors, Executive Committees or Chief Executive Officers, and to verify compliance with the policy established.

b. To make proposals for the distribution among the members of the Board of Directors of the global remuneration agreed upon in the General Meeting.

c. To propose the individual remuneration and other contractual conditions of the executive directors, as well as to propose the basic conditions of Senior Executive contracts regarding remuneration, in coordination, when necessary, with the Appointments Committee, verifying that they are consistent with current remuneration policies.

d. To make proposals for long-term plans that may be established in accordance with share value, such as stock option plans.

e. To periodically review the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the Company.

f. To verify information on the remuneration of directors and members of the management team contained in the different corporate documents, including the Annual Report on Directors' Remuneration.

g. To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the Committee.

The Remuneration Committee shall meet when convened by the Chairman and at least twice a year. The meeting shall only be deemed to be convened when the majority of its members attend and agreements are adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie.

The Secretary of the Company's Board of Directors shall attend meetings with voice but not vote, and shall take the minutes, copies of which shall be sent upon approval to each of the members of the Board of Directors.

To the extent that it is necessary and with the natural adaptations, the functioning of the Remuneration Committee shall be governed by the provisions of the Rules relating to the functioning of the Board of Directors.

During 2020, the Remuneration Committee met on two occasions, and took decisions in its various areas of competence. Among other issues, the Committee, in carrying out its functions, reported favorably on the Annual Report on Remuneration of the Board of Directors 2019, agreed to approve the variable remuneration corresponding to the members of the Steering Committee and reported favorably on the remuneration of the Chief Executive Officer of ACS, Servicios, Comunicaciones y Energía, S.L.

With regard to the Board's assessment, the external consultant who took part in said assessment interviewed members of the Committee to review the questionnaires and collate areas for improvement identified by directors. The functioning of the Committee received a positive assessment from its members.

Within the framework of its duty of information to the General Meeting, the report on the performance of the Remuneration Committee was made available to the shareholders when the meeting was convened.

C.2.2 Complete the following table with information relating to the number of women directors on the committees of the Board of Directors at the close of the last four financial years.

	Number of women Board Members							
	2020 Financial Year		2019 Financial Year		2018 Financial Year		2017 Financial Year	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	16.67%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	3	60.00%	3	60.00%	3	60.00%	3	60.00%
Appointments Committee	2	33.33%	2	28.57%	2	28.57%	2	33.33%
Remuneration Committee	1	20.00%	1	20.00%	1	16.67%	1	14.30%

Observations

C.2.3 Indicate, if applicable, if there are Rules of the Board Committees, where they can be consulted and amendments made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

The Board Committees are governed by Articles 19 to 23 of the Company By-Laws and Articles 22 to 27 of the Board Rules. Both documents are available on the Company website, http://www.grupoacs.com/gobierno-corporativo.

The Rules of Procedure of the Board of Directors were amended by the Board of Directors on December 17, 2020, in order essentially to adapt them to the partial revision of the Code of Good Governance of listed companies, which updated and adapted several recommendations of the Code.

During the 2020 financial year, annual reports on the activities of the Audit, Appointments and Remuneration Committees were prepared on a voluntary basis. These have been made available to shareholders on ACS's website at the time of the Ordinary General Shareholders' Meeting.

D. RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Explain the procedure and relevant bodies for approving transactions with related parties and within the group.

As established by Article 5.2.u) of the Rules of Procedure of the Board of Directors, related party transactions require approval by the Board of Directors, subject to a report from the Audit Committee on the transactions carried out by the Company or group companies with directors under the terms established by the prevailing legislation, or with shareholders owning significant shareholdings either individually or in concert, including shareholders represented on the Company's Board of Directors or shareholders of other companies forming part of the same group, or persons related with the same. Directors affected, representing or linked to the shareholders affected shall abstain from participating in deliberations and voting on the resolution in question. The only exception shall be made in the event of approval of transactions simultaneously meeting the following three conditions:

1. they are carried out under contracts entered based on standard terms and conditions applied en masse to large numbers of customers;

2. they are carried out at prices or rates established in general by the provider of the good or service in question; and

3. the sum involved does not exceed one percent of the Company's annual revenues.

D.2 List those transactions, which are significant due to their magnitude or relevant due to their subject, carried out between the company or group companies and the company's significant shareholders:

Not applicable.

D.3 List any material transactions entailing a transfer of funds or obligations between the company or group companies and the company's administrators or executives:

Personal or corporate name of the managers or directors	Name or company name of the company or entity of their group	Link	Nature of the relationship	Amount (thousands of euro)
Pedro López Jiménez	Dragados, S.A.	Board Member of ACS	Operating lease agreements	40
Pedro López Jiménez	Atil Cobra, S.A.	Board Member of ACS	Services Received	17
Pedro López Jiménez	Moncobra, S.A.	Board Member of ACS	Services Received	87
Pedro López Jiménez	ACS, Actividades de Construcción y Servicios, S.A.	Board Member of ACS	Dividends and other profit distributed	1,166
Mr. Agustín Batuecas	Cobra Instalaciones y Servicios, S.A.	Board Member of ACS	Services Received	10
Mr. Agustín Batuecas	Cobra Instalaciones y Servicios, S.A.	Board Member of ACS	Services rendered:	32
Florentino Pérez	Moncobra, S.A.	Chairman of ACS	Services rendered:	59
Florentino Pérez	Clece, S.A.	Chairman of ACS	Services rendered:	177
Florentino Pérez	Rosan Inversiones, S.L.	Chairman of ACS	Services rendered:	2
Javier Echenique	(*) ACS Group companies	Board Member of ACS	Financing agreements: loans	413

(*) These transactions relate to loan agreements with several ACS Group companies.

Observations

D.4 Report any significant transactions by the company with other entities in the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the company's ordinary business.

Not applicable.

D.5 Provide details of any significant operations carried out between the company or group companies and other related parties, which have not been reported under the previous sections.

Not applicable.

D.6 List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its Board Members, executives or significant shareholders.

Article 15 of the Rules of Procedure of the Board of Directors indicates the duty to prevent conflicts of interest which obliges administrators to refrain from the following:

i. Entering into transactions with the Company, except in the case of minor, ordinary transactions carried out under standard terms and conditions applicable to customers, understood as those for which it is not necessary to fairly represent a true image of the equity and financial situation and results of the Company.

ii. Using the Company's name or invoking the condition of administrator in order to improperly influence the carrying out of private transactions.

iii. Making use of social assets, including company confidential information, for private purposes.

iv. Taking advantage of the Company's business opportunities.

v. Receiving benefits or compensation from third parties outside the Company and its group associated with the discharge of the office of director, unless they constitute gestures of mere courtesy.

vi. Undertaking any activities either personally or on behalf of any third party which might result in effective competition, whether actual or potential, with the Company, which might otherwise give rise to any permanent conflict with the interests of the Company.

This obligation to refrain also applies where the beneficiary of the prohibited actions or activities is a person related to a director. In this sense, the following persons shall be deemed to be related to the directors:

i. A director's spouse or persons with a similar relationship.

ii. The ancestors, descendants and siblings of any director and/or of their spouse.

iii. The spouses of a director's ancestors, descendants or siblings.

iv. Companies with respect to which a director is affected by any of the situations mentioned in section one of Article 42 of the Spanish Commercial Code, either personally or via any intermediary.

In the case of corporate directors, the following shall be deemed to be related persons:

i. Partners affected by any of the situations mentioned in section one of Article 42 of the Commercial Code with respect to the corporate administrator.

ii. The de jure and de facto directors, liquidators or representatives holding general powers of attorney granted by the corporate director.

iii. Companies forming part of the same group and their partners.

iv. Persons that, in the case of the representative of the corporate director, are deemed to be related parties of directors in accordance with the paragraph above.

In any event, directors shall notify the Board of Directors of any situation of conflict of interests, whether direct or indirect, which they or their related parties might have with the Company.

Any situations of conflict affecting administrators shall be disclosed in the Annual Report in accordance with the prevailing legislation.

D.7 State whether the company is controlled by another entity under the meaning of Article 42 of the Spanish Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with that entity or one of its subsidiaries (other than those of the listed company) or undertakes activities related to those of any of them.

Yes	No
	X

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's Risk Control and Management Systems, including those for tax risks.

The ACS Group's geographic and business diversification, together with the high degree of decentralized operations and autonomous management that characterizes Group companies, makes it necessary for it to have a dual system for risk control and supervision. What each business unit or company is capable of developing, is included in the corporate framework for Risk Control and Management, which is consistent with Group guidelines. This dual system implies, therefore, that each management level is ultimately responsible for compliance with the rules and internal procedures applicable to them, both in the parent company and in each of its investee companies.

The structure of the Group's various risk management and control policies is centered on the handling and communication of the financial-economic, non-financial and corporate information. Among other matters, this covers those relating to regulatory compliance, social issues, human rights, the environment, sustainability, diversity, anti-corruption, market abuse, competition defense, cybersecurity and corporate governance.

On June 26, 2020, the CNMV approved a partial revision of the Code of Good Governance of listed companies, updating and adapting several recommendations affecting ACS in all matters relating to the functions of the Audit Committee regarding the supervision of financial and non-financial information and within the scope of the General Risk Control and Management Policy and the Group's General Risk Map. This must include, in addition to financial or economic risks, non-financial risks (fiscal, operational, technological, legal, social, environmental, political, reputational and corruption-related).

Therefore, on December 17, 2020, the ACS Compliance Committee and the Secretary General jointly submitted to the Board of Directors for approval the following changes to internal rules concerning the supervision of financial and non-financial information and risk control and management, among others:

1.- Modification of the General Risk Control and Management Policy in order to comply with the new CBG Recommendation 45 of June 2020. Within the new text, it is worth highlighting Article 5.1, which identifies all the risks covered by the methodology of analysis of both a financial and non-financial nature, as well as Article 6 which states that the structure of the Group's various risk control and management policies is centered around the processing and communication of financial-economic, non-financial and corporate information, covering, among other matters, those related to regulatory and fiscal compliance, social issues, human rights, the environment, sustainability, diversity, anti-corruption, market abuse, competition defense, cybersecurity and corporate governance.

The Board of Directors and those responsible for the respective operating areas or divisions of the Group will adopt the necessary measures for the dissemination, training and compliance with this policy throughout the ACS Group, assigning the necessary resources for this.

2.- Modification of the Rules of Procedure of the Board of Directors in compliance with both Recommendation 45 and Recommendations 42 and 53, establishing Article 24.6.h) in its new wording, when dealing with the functions of the Audit Committee regarding the supervision of risk management and control, that it will be the responsibility of this Committee to monitor and evaluate the effectiveness of financial and non-financial risk management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks. For its part, the new wording of Article 25 of the Rules of Procedure of the Board of Directors on the competencies of this Committee in the field of corporate governance and sustainability in environmental and social matters, states that the Audit Committee shall monitor compliance with the Company's policies and rules in environmental, social and corporate governance matters, as well as internal codes of conduct, having the following functions:

a) The supervision of compliance with the rules of corporate governance and the internal codes of conduct of the Company, as well as ensuring that the corporate culture is aligned with its purpose and values.

b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisors and other stakeholders. The way in which the Company communicates and engages with small and medium-sized shareholders will also be monitored.
c) The evaluation and periodic review of the company's corporate governance system and its environmental and social policy, in order to ensure that they fulfill its mission of furthering the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.
d) Ensuring that the Company's environmental and social practices are in line with the defined strategy and policy.
e) Supervising and evaluating processes affecting different stakeholder groups.

3.- Modification of the ACS Group's General Risk Map, coordinated by the Corporate General Management and the Senior Management of the Group's divisions, the final version of which was approved by the Board of Directors of the listed company on February 25, 2021.

Scope

The General Risk Control and Management Policy is applicable to all the companies that make up the ACS Group over which the parent company has effective control, within the limits provided for in the regulations applicable to regulated activities carried out by the Group in the different countries in which it is present. The listed investee companies and their respective subsidiaries, as a result of their special situation, are subject to the regulations of the regulatory bodies that are applicable to them and, consequently, have their own risk policies approved by their competent bodies. In any case, said risk policies must be in accordance with the principles set forth in ACS's General Risk Control and Management Policy.

Within the ACS Group is the Hochtief, A.G. company, listed on the German stock market, which in turn has a majority ownership interest in CIMIC, which itself is publicly traded on the Australian stock market. Both companies have implemented their own risk management systems and internal controls in accordance with the applicable regulations. These companies and the sub-group of which they are dominant companies have their own Audit Committees with similar functions to those of ACS. Therefore, the General Risk Management and Control Policy of the ACS Group affects those activities carried out by Hochtief or CIMIC, only to the extent that they are already covered by their own risk control systems.

The General Risk Management and Control Policy affects, as a regulatory framework, all areas of the ACS Group. The comprehensive Risk Management and Control System covers all types of risk that may threaten the attainment of the objectives of the parent company and of ACS Group companies.

Through this Policy, the parent company and ACS Group companies undertake to develop all their capacities so that risks of all kinds are properly identified, measured, prioritized, managed and controlled.

Guidelines

The ACS Group is subject to various risks inherent to the respective countries, activities and markets in which it operates, and to the activities it carries out, which may impede or even prevent it from achieving its goals and executing its strategies successfully.

The Board of Directors of the Organization, aware of the importance of this issue, is committed to developing all its abilities so that the relevant corporate risks of all the Group's activities and businesses are adequately identified, measured, prioritized, managed and controlled, while establishing, through the General Risk Control and Management Policy, the mechanisms and guidelines for an adequate control and management of them with a level of risk that allows for:

a. integrating the approach to risk within the management of the parent company through the definition of risk strategy and level;
b. attaining the strategic objectives established by the Group with controlled volatility;
c. preserving strict segregation of duties between the areas that manage risk and the areas responsible for its analysis, control and supervision, providing an adequate level of independence;

d. providing information to the regulators and principal stakeholders on Group risks and those of its operating units in a transparent manner, as well as on the operation of the systems developed for their control and monitoring;
e. providing the highest possible level of guarantees to shareholders;
f. protecting the results and reputation of the Group;
g. defending the interests of shareholders, customers and other stakeholder groups in the progress of the parent company and society in general;
h. ensuring business stability and financial strength in a sustained manner over time;
i. ensuring the use of appropriate instruments to mitigate the impact of risks in accordance with the requirements of applicable legislation; and
j. complying with the applicable legal and regulatory requirements, as well as the values and standards of conduct reflected in the ACS Code of Conduct and the Group's principles and good practices, oriented toward the principle of "zero tolerance" toward the commission of illegal acts and fraud situations.

E.2 Identify the company bodies responsible for preparing and executing the Risk Control and Management System, including tax risks.

The Board of Directors of the Group's parent company is responsible for establishing the General Risk Control and Management Policy as a framework document to identify the guidelines and regulations for the control and management of risks of the parent company and of the other investee companies with autonomous management, and to maintain the appropriate internal control systems, as well as to carry out regular monitoring of these systems.

All executives and teams responsible for ACS Group operations and support processes are responsible for implementing this Policy in their area of management, as well as for coordinating their risk response actions with other affected divisions and businesses, where applicable.

The Board of Directors relies on the collaboration of the Audit Committee, which supervises and reports on the adequacy of the internal evaluation and control system for relevant risks in coordination with the Internal Audit and the Management of the different divisions of the Group. Within this framework, the roles and responsibilities of the areas involved in risk management are as follows:

Board of Directors

The ACS Board of Directors is the body responsible for approving the Group's General Risk Control and Management Policy and setting the level of acceptable risk at all times. The different areas concerned also include the management of financial, non-financial and tax risks.

In addition, it must supervise the Comprehensive Risk Control and Management System, ensuring that the main risks are identified, managed and maintained at planned levels.

Audit Committee

The functions of the Audit Committee include supporting the Board of Directors in relation to the regular monitoring and evaluation of the Group's Comprehensive Risk Control and Management System, for financial and non-financial risks, and specifically:

a. To supervise and evaluate the effectiveness of financial and non-financial risk management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks.
b. To re-evaluate, at least annually, the list of the most significant risks, both financial and non-financial, to assess their tolerance level, and propose, where appropriate, their adjustment to the Board of Directors. To this end, the Committee shall meet with senior officials of the business units at least annually in which they explain the business trends and associated risks.
c. To directly oversee the performance of the internal control and risk management functions carried out by managers of the internal audit.

In addition, the Audit Committee has the role of ensuring the independence of the unit that assumes the internal audit function.

Steering Committee

The ACS Group Steering Committee, made up of the Chairman of the Board and CEO, the Chief Executive Officer, the Vice-Chairman of the Board, the Corporate General Manager, the General Secretary and the Chief Executive Officer of Industrial Services, defines the basic guidelines, the framework of action and establishes the management, monitoring and reporting mechanisms that ensure that risks are kept within the levels approved by the ACS Board of Directors.

In addition, the Steering Committee is the highest level of operational decision-making for implementing corrective measures for each of the risks.

Compliance Committee

The Compliance Committee, which reports to the Audit Committee of the Board of Directors, develops, implements and oversees the functioning and operational effectiveness of the ACS Group's Global Compliance Management System, covering the areas of criminal compliance and anti-bribery, market abuse, human rights, competition defense, privacy and data protection, taxation, cybersecurity, as well as all matters covered by the ACS Group's Consolidated Non-Financial Information Reporting Statement and those relating to compliance with the Company's internal codes of conduct, monitoring of the implementation of the general policy on the communication of economic-financial, non-financial and corporate information and the evaluation and regular review of the environmental and social policy.

In turn, all ACS Group subsidiaries have a Compliance Committee responsible for operating their own global Compliance management system under the guidelines and standards provided by the ACS Compliance Committee as the Group's parent company. The ACS Compliance Committee regularly monitors, through a medium control model, the application of these guidelines and standards in the Group's subsidiaries through a global compliance reporting model that includes the following sections:

I. Obligations in criminal compliance and anti-bribery
II. Compliance personnel and responsibilities
III. Business partners. External due diligence and risk assessment
IV. Training and communication
V. Controls, objectives and resources
VI. Audit and monitoring
VII. Ethics channel
VIII. Breaches, analysis and corrective actions
IX. Competition defense
X. Cybersecurity
XI. Human rights

This continuous monitoring allows the ACS Compliance Committee to report to the Board of Directors through the Audit Committee on a quarterly basis, on both the degree of implementation and effectiveness of the Global Compliance Management System in the Group, and the detection of risks of a non-financial nature, compliance impacts and breaches and possible corrective actions.
Through the Global Compliance Management System, the ACS Group guarantees to the organization's members, business partners and stakeholders that financial and non-financial and corporate information is managed transparently, which allows for the generation of shared value in the Group and the strengthening of stable and trusting relationships with all stakeholders. The Group also ensures the promotion and control of ethics and integrity issues through measures to prevent, detect and eradicate corruption and other illegal activities.

Corporate Internal Audit

The Corporate Internal Audit Directorate supports the Board of Directors, through the Audit Committee, in fulfilling its responsibilities in relation to the supervision and evaluation of the Group's Comprehensive Risk Management and Control System. It is also responsible for communicating warnings, recommendations and conclusions to the Audit Committee issued by Group Management, those responsible for the business areas and the companies evaluated.

Corporate General Management

The Corporate General Management is responsible for preparing the ACS Group's framework for action in order to standardize the identification, classification, evaluation, management and tracking of the risks of the different divisions and businesses, specifically:

– To take on the management of corporate risks.
– To ensure the proper functioning of the Comprehensive Risk Management and Control System and, in particular, to ensure that all significant risks to the Group are adequately identified, managed and quantified.
– To participate actively in the preparation of the risk strategy and relevant decisions with regard to risk management.
– To ensure that the Comprehensive Risk Management and Control System adequately mitigates risks within the framework of the General Risk Management and Control Policy.

ACS Group companies and their support functions regarding risks

The ACS Group, as a result of the diversity of its businesses and its high level of operational decentralization, has assigned to the heads of each division and business, the development of the risk control and management systems appropriate to them and the necessary internal regulations to ensure their implementation and operation. In that sense:

– They develop internal rules based on the specificities of their activities and implement appropriate internal controls.
– They manage the information systems that enable risk mapping, monitoring and assessment of risk exposures for each business area.
– They produce management reports for decision-making by monitoring the appropriate indicators.

E.3 Indicate the main risks, including fiscal risks and, if significant, those arising from corruption (understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives.

Comprehensive Risk Control and Management System

The General Risk Control and Management Policy and its basic principles are put into practice through a Comprehensive Risk Control and Management System supported by all parts of the governance model described above and based on an appropriate definition and assignment of roles and responsibilities at different levels, and on procedures, methodologies and support tools appropriate to the different stages and activities of the system.

Identifying risks

The ACS Group's risk methodology provides for identifying the significant risks to which the Group may be exposed.
At least annually, the risk taxonomy is updated to confirm those risks that remain significant, remove those that no longer apply and include new emerging ones. This update is carried out following the categories of financial and non-financial risks that the Group faces (including contingent liabilities and other off-balance-sheet risks), considering the following taxonomy:

– <u>Strategic:</u> Risks associated with the key long-term objectives of the Businesses and of the ACS Group may arise from the Group's own actions, from other key market players (customers, competitors, regulators, investors and others), from changes in the competitive environment or from the business model itself.

- Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

- Technological: Risks associated with the technologies and systems used by the Businesses and by the ACS Group, as long as it cannot efficiently and effectively support current and future needs or possible cyberattacks.

- Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of supervision and monitoring of the regulations that apply to the Group in the different legal systems of the countries in which it operates, or arising from non-compliance with criminal and anti-bribery regulations that imply the responsibility of the ACS Group and which may lead to legal action, sanctions, fines or the partial or total stoppage of its activities.

- Social: Risks linked to the social rights of employees and persons related to the Businesses or to the ACS Group, as well as the socio-economic environment in which it operates.

- Environmental: Risks linked to potential environmental impacts, including climate change, which could cause harm to society, the environment and the Group, loss of competitiveness, damages and compensation or the stoppage of ongoing works, services or projects.

- Political: Risks associated with political changes that may affect legal security and the legal framework applicable to the Group's businesses.

- Reputational: Risks linked to the deterioration of the image and perception of the ACS Group that may result from behavior by companies below the expectations of different interest groups, from the actions of third parties linked to the Group or from other areas outside it.

- Corruption-related: Risks linked to the direct or indirect acquisition by the parent company of an undue advantage of any kind (which may be of a financial or non-financial nature), in breach of the applicable regulations.

- Financial: Risks related to the economic and financial management of the Businesses and the ACS Group, the variability of financial parameters to which it is exposed, as well as the processes for generating financial information.

Risk identification and review is done from two points of view:

Top-down focus: Senior Corporate Management identifies risks from the perspective of the Group as a whole.

Bottom-up focus: Business Managers identify the risks that affect their respective units.

Therefore, the risk control and management systems adopt the characteristic decentralized model of the Group, which allows each business unit to exercise its risk control and evaluation policies under a few basic principles. These basic principles are as follows:

- Definition of the risk appetite or levels and the maximum risk thresholds that are acceptable for each business according to its expected characteristics and profitability, which are considered from the origin of the operations.
- Establishment of identification, approval, analysis, control and information procedures for the respective risks of each business area.
- Coordination and communication so that the policies and procedures for the risks of the areas of business activity are consistent with the Group's global risk policy.

Corporate General Management is responsible for adding all identified risks, as well as those identified by the Business Managers, in order to standardize the identification, classification, valuation, management and monitoring of the risks for all divisions.

Risk assessment criteria

The method used to determine the assessment of identified risks is categorized into different groups depending on whether their impact and probability is low, medium or high:

- **Impact** is the economic damage, in operations and reputational terms on the activity of the Group, taking into account the control measures implemented in the Group: low, medium or high.
- **Probability** that the risk will materialize in a specific event, taking into account the control measures implemented in the Group: low, medium or high.

Once the risks have been identified, and the impact and probability have been assessed taking into account the controls implemented and the level of management of the Group, as well as defining the indicators to measure them, the Group Risk Map is prepared.

This Map is made up of nine quadrants in which risks are classified according to the following nine groups:

Group	Impact	Probability
1	High	High
2	High	Medium
3	High	Low
4	Medium	High
5	Medium	Medium
6	Medium	Low
7	Low	High
8	Low	Medium
9	Low	Low

E.4 Identify whether the entity has levels of risk tolerance, including tax risks.

The Board of Directors of ACS is aware of the importance of adequate control and management of the risks that affect the achievement of its objectives, and for this reason it is adverse to risk.

The General Risk Control and Management Policy of the ACS Group is aimed at achieving a moderate risk profile, through prudent management; a Group business model dedicated to various activities with a universal vocation, diversified by geographical areas, asset types, portfolios and customers, with a high international presence, both in emerging as well as developed countries, while maintaining a medium/low risk profile in each of them and seeking sustainable growth over time.

E.5 Indicate what risks, including tax risks, have arisen during the financial year.

The risks inherent in the business model and the different activities engaged in by the ACS Group may occur to some extent throughout any annual reporting period. These risks are mitigated due to the follow-up and monitoring performed by the various management bodies of the Group, depending on their importance.

In relation to the 2020 financial year, the most relevant risks that arose for the ACS Group were, on the one hand, the effects of the coronavirus pandemic (COVID-19), and, on the other hand, the arbitration resolution related to the Gorgon project.

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic, due to its rapid spread around the world, affecting more than 150 countries. Most governments are taking restrictive measures to control its propagation, including: isolation, confinement, quarantining and restrictions on the free movement of people, the closure of public and private premises except for essential services and healthcare facilities, the closure of borders and a drastic reduction of air, sea, rail and road transportation.

This situation is having a substantial impact on the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, reflected in increased volatility of asset prices and exchange rates and a reduction of long-term interest rates.

The main impacts caused by the pandemic on ACS Group results during the 2020 fiscal year were the following:

- The lockdown and mobility restriction measures enacted in most countries in which Abertis operates resulted in drastic declines in average daily traffic since March, with severe setbacks in the second quarter of the year. Consequently, Abertis's contribution to the Group's EBITDA and to its net profit in 2020 decreased by EUR 349 million and EUR 280 million respectively compared to the previous year.
- In Services (Clece), the cleaning and maintenance activities of those social infrastructures that ceased their activity in Spain during the state of emergency, such as school or leisure centers, non-essential facilities and air transport, were significantly reduced. However, the increase in activity in hospital centers and public offices and a gradual recovery in normal activity in the last quarter of the year balanced out the sales volume. On the other hand, temporary reinforcement in occupational health and safety has led to an increase in operating costs. As a result, the negative impact on EBITDA and net profit was EUR 33 and EUR 21 million, respectively.
- In the remainder of Construction and Industrial Services activities the impact was less profound, with reductions in production and operating results of around 10%.

Finally, it is appropriate to emphasize that the Group's Administrators and Management are constantly monitoring developments in both financial and non-financial aspects.
Regarding the LNG Jetty and Marine Structure (Gorgon Jetty) project for Chevron Australia (Chevron) carried out by CPB Contractors, a 100% subsidiary of CIMIC, along with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritimo LDA, the Arbitration Tribunal has issued an award of AUD 78 million for the Consortium (CPB and Saipem) and a reconvention of AUD 35 million to Chevron. The CIMIC share of the net award, along with certain CIMIC legal expenses and other legal costs attributable to the arbitration process, resulted in a single reversal of recognized revenue over the period of AUD 1.15 billion (equivalent to EUR 694 million on December 31, 2020).

ACS Group companies are parties in litigation, tax claims, competition and other judicial proceedings, in the ordinary course of their business, the result of which is unpredictable. Details of this can be found in the Consolidated Financial Statements Report.

Notwithstanding the foregoing, the Compliance Committee, in relation to preventive detection and management of risks of a non-financial and corporate nature, has, during the 2020 financial year, carried out various corrective actions in fields related, among others, to the areas of criminal prevention and anti-bribery, information security, competition defense and operational management of the global Compliance system.

E.6 Explain the response and monitoring plans for the entity's major risks, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to the new challenges that arise

After assessing the significant risks, the best response to these risks is defined, according to the activity and characteristics of each of them. Responses to the risks can be:

- **To mitigate:** Actions are designed and implemented to reduce the impact or likelihood of risks occurring to a level that is acceptable to the organization.
- The decision is made not to take any action regarding the risk in question, accepting its consequences and the likelihood of it occurring.

- **To share/transfer:** Actions are taken to share/transfer part of the risk with third parties, e.g. by taking out insurance policies, looking for partners, process outsourcing, etc.
- **To avoid:** A decision is made to suspend the activity that causes the risk so that the risk associated with it disappears.

In general, all those risks identified within group 1 (high-high), 2 (high-medium) and 4 (medium-high) are examined by the Group's Steering Committee at its various meetings. In addition, both the Executive Committee as well as the Board of Directors examine the information reported, on a monthly or quarterly basis as the case may be, with the different quantitative indicators in order to analyze the situation of the risks faced by the Group.

To this end, a series of relevant measurements are established, which are in principal related to solvency, liquidity and the recurrence of results that, depending on the circumstances that occur in each case, determine the Group's risk management and allow for the achievement of the desired objective. The analysis of these elements is performed both in a timely and prospective manner by drafting budgets to identify potential risks and therefore developing corrective actions as far in advance as possible.

Information and internal control systems

The Board of Directors considers that an adequate control and management of risks is essential to maintain the maximum level of transparency in the information provided, both inside and outside the organization.

In this regard, all personnel should take into account that the information provided regarding risk control and management must meet the following requirements:

- Complete, ensuring that all relevant information is transmitted for proper risk control and management.
- Correct and truthful, ensuring that the information transmitted does not contain errors.
- Create value, by encouraging the development of a culture of risk control and management.
- Be transmitted in an equitable and symmetric manner, that is, that all the recipients of the respective information receive the same information in the same time horizon.
- Be transmitted in a timely manner, that is, once it is known and is relevant for proper risk control and management.

For these purposes, the Board of Directors is responsible for identifying and supervising the management of the main risks, as well as the implementation and monitoring of an internal control system and the appropriate information that allows for the adequate management of the said risks.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS REGARDING THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms which make up the risk control and management systems regarding the process of issuing financial information (ICFR) for the entity.

F.1 Company's control environment

Indicate the main characteristics of the following as a minimum:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

The Internal Control over Financial Reporting System, hereinafter ICFR, is part of the ACS Group's overall internal control system and is set up to provide reasonable assurance regarding the reliability of the financial information published. The bodies responsible for it, according to the Rules of Procedure of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. in its latest version of December 17, 2020, are the Board of Directors and, within it, the monitoring function is delegated to the Audit Committee.

In accordance with Article 5 of its Rules, the Board of Directors is empowered, among other functions, to approve "the financial information to be periodically made public by the Company given that it is listed on the stock exchange." In this way, Article 7 of the Rules establish that "The Board of Directors shall prepare the individual and consolidated Financial Statements and Management Reports in view of the report issued by the Audit Committee, in order to comply with the prevailing legislation and to facilitate understanding by shareholders and the general public."

Also in accordance with Article 5, among the non-delegable functions of the Board are "preparing the financial statements and submitting them for approval at the General Shareholders' Meeting" and "the determination of risk management and control policy, including tax risk, and oversight of the internal reporting and control systems" and "supervising the process to draw up and present financial information and the management report, which includes mandatory non-financial information."

The ACS Group's Corporate General Management is globally responsible for the Group's ICFR. This entails defining, updating and monitoring the system to ensure that it operates correctly.

The head of each business area is responsible for designing, reviewing and updating the system in accordance with its own needs and characteristics. Corporate General Management validates these designs and their operation to guarantee compliance with the objectives set to assure the reliability of the financial information reported.

In relation to the above, in accordance with Article 24.6 of the Rules of Procedure of the Board of Directors, the Audit Committee is responsible, inter alia, for the following:

Regarding the supervision of financial and non-financial information:

a. To report to the General Shareholders' Meeting on the issues arising in relation to those matters within the competence of the Committee and, in particular, on the outcome of the audit, explaining how this has contributed to the integrity of the financial information and the function that the Committee has played in this process.

b. To oversee and assess the preparation and presentation of the Company's, and where applicable the Group's, financial and non-financial information, reviewing compliance with regulatory requirements and ensuring appropriate definition of the scope of consolidation and proper application of accounting criteria and, in particular, to know, understand and monitor the effectiveness of the Internal Control over Financial Reporting System (ICFR). The Committee may submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of the financial information.

c. To report, in advance, to the Board of Directors on the financial information that the Company must periodically make public.

d. To ensure that the Financial Statements that the Board of Directors presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations and that, in those cases in which the accounts auditor has included a proviso in their audit report, the Chairman of the Audit Committee clearly explains to the General Shareholders' Meeting the opinion of the Audit Committee regarding its content and scope, making a summary of this opinion available to the shareholders at the time of publication of the call to the Meeting, together with the rest of the proposals and reports of the Board.

Regarding the supervision of internal controls and internal audit:

a. To monitor the effectiveness of the Company's internal controls, ensuring that the policies and systems established regarding internal controls are applied effectively in practice, and in the internal audit, and discuss any significant weaknesses in the internal control system detected during the audit with the accounts auditor, without compromising their independence, with a view to reaching conclusions on the level of trust and reliability of the system. For this purpose, and if applicable, the Committee may submit recommendations or proposals to the Board of Directors and the relevant period for follow up.

b. To oversee the independence of the internal audit unit; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for the service; approve its orientation and the annual internal audit work plan, ensuring that activities are directed principally toward key risks (including reputational risks); receive regular information on its activities; and ensure that senior management takes into consideration the conclusions and recommendations of internal audit reports; and evaluate on an annual basis the functioning of the internal audit unit and the performance of its duties by their manager.

c. To establish and oversee a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to communicate confidentially on any potentially significant irregularities, including financial and accounting irregularities, or irregularities of any other nature, related to the Company that they may identify within the Company or its group, by receiving regular information on its operation and being able to propose the appropriate actions for its improvement and future risk reduction.

Regarding the supervision of risk management and control:

a. To supervise and evaluate the effectiveness of financial and non-financial risk management systems relating to the Company and the group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks.

b. To re-evaluate, at least annually, the list of the most significant risks, both financial and non-financial, to assess their tolerance level, and propose, where appropriate, their adjustment to the Board of Directors. To this end, the Committee shall meet with senior officials of the business units at least annually in which they explain the business trends and associated risks.

c. To directly oversee the performance of the internal control and risk management functions carried out by any unit or department of the Company.

In this regard, and in relation to the above-mentioned functions of supervision of risk management and control, the Audit Committee shall take into account the criteria of the supervisory bodies in the prevention of corruption and other irregular practices as well as in the identification, management and control of the potential associated impacts, acting under a principle of maximum rigor.

On the other hand, Hochtief, A.G., which forms part of the ACS Group as an investee, is listed on the German stock market and, in turn, has a majority ownership interest in CIMIC Group Limited, which in turn is listed on the Australian stock market. Both companies have implemented their own risk management and internal control over financial reporting systems in accordance with the applicable legislation. Additional information on these systems can be found in their 2020 annual reports, which are available on www.hochtief.com and www.cimic.com.au respectively.

F1.2 The existence or otherwise of the following elements, especially in connection with the financial reporting process:

Departments and/or mechanisms responsible for: (i) the design and review of the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so that this structure is communicated effectively throughout the company.

In accordance with the Rules of Procedure of the Board of Directors, the Appointments Committee, as a delegate committee of the Board, is responsible, inter alia, for nominating and dismissing Senior Executives, particularly those who are to be members of the Group's Management Committee, and for proposing the basic conditions of their contract.

Organizational structure is defined by the Corporate General Management, in the case of ACS, Actividades de Construcción y Servicios, S.A., and the CEO or Chairman, in the case of the various business areas, in their area of activity and communicating this to the interested parties through the channels provided in each case.

Code of conduct, approving body, degree of dissemination and instruction, including principles and values (stating whether specific reference is made to the recording of operations and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary actions.

The ACS Group has a Code of Conduct, whose latest update was approved by the Board of Directors on November 12, 2015. This Code has been disseminated and is accessible to all employees via the Group's website.

Both Hochtief A.G., and the parent company of its CIMIC subgroup, CIMIC Group Limited, are companies listed on the German and Sydney stock exchanges, respectively, and they are therefore subject to their own regulatory bodies' rules and both have their own Codes of Conduct and their own internal complaints and control channels, under similar terms as those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group and the CIMIC Group.

Section 1.2 of the Code of Conduct emphasizes the principle of transparency. The Code stipulates that "all employees shall provide truthful, necessary, complete and prompt information regarding the progress of activities related to their work and areas of competence."

To ensure compliance with the Code of Conduct, resolve incidents or concerns about its interpretation and take the measures required to ensure the best compliance, the above Code provides for the creation of a Code of Conduct Monitoring Committee to be composed of three members appointed by the ACS Group's Board of Directors following the proposal of the Appointments Committee. The Company has a set of Rules of Procedure for the Code of Conduct Monitoring Committee, as amended by the Board of Directors on December 13, 2018.

In accordance with these Rules, this Monitoring Committee has been assigned the following functions:

- To collaborate with the Compliance Committee in promoting the dissemination, knowledge of and compliance with the Code in each and every company of the Group.

– To establish the appropriate channels of communication to ensure that any employee can seek or provide information regarding compliance with this Code, ensuring the confidentiality of complaints processed at all times.

– To interpret the rules deriving from the Code and supervise their implementation.

– To ensure the accuracy and fairness of any initiated proceedings, as well as the rights of persons allegedly involved in possible breaches.

– To maintain a bi-directional communication with the Compliance Committee, especially with regard to the queries or complaints received through the Ethical Channel. In particular, any complaint received on the matter of crime prevention by the Compliance Committee, which translates into the existence of evidence of actions that might infringe the basic principles of the Code of Conduct of the ACS Group, shall be directed to the Code of Conduct Monitoring Committee, so that they can assess the need to open an investigation.

– Preparing an annual report on its actions, making the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

The Annual Report on Actions and Recommendations of the Code of Conduct Monitoring Committee for 2020 will be submitted to the Audit Committee for approval at their meeting on March 31, 2021. A complaints channel, allowing communication of any irregularities of a financial or accounting nature to the Audit Committee, as well as breaches of the Code of Conduct and irregular activities within the organization, stating whether reports made through this channel are confidential.

A complaints channel, allowing communication of any irregularities of a financial or accounting nature to the Audit Committee, as well as breaches of the Code of Conduct and irregular activities within the organization, stating whether reports made through this channel are confidential and whether it allows for anonymous communications respecting the rights of the complainant and the subject of the complaint.

Complaints or comments can be made through the ACS Ethics Channel, managed by the Code of Conduct Monitoring Committee.

The ACS Ethics Channel can be reached at the following address:

Ethics Channel

ACS Group

Avenida Pío XII 102, 28036 Madrid, Spain.

canaletico@grupoacs.com

During 2020, the ACS, Actividades de Construcción y Servicios, S.A. Ethics Channel did not open any complaint files. However, many queries and complaints were received via the ethics channels from each of the Group's divisions. In terms of all the ethics channels of the Group, with the exception of Hochtief, A.G. and CIMIC Group Limited, more than 180 communications were received in 2020, resulting in the opening of the corresponding cases, of which 26 are still open at the end of the financial year. Complaints and queries from different countries of the world have mainly been communicated via digital channels, in general, being complaints submitted by employees or third parties outside the organization, and on many occasions made anonymously.

Regular training and refresher courses for personnel involved in preparing and reviewing financial information, as well as evaluating the ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

In regard to training and refresher courses, the ACS Group believes that continuous training for its employees and executives both at the corporate level and in the companies of the Group is important. Relevant and up-to-date training on regulations that affect financial reporting and internal control is considered to be necessary to ensure that the information reported to the markets is reliable and in accordance with the regulations in force.

Therefore, in 2020 throughout the entire ACS Group approximately 18,000 hours of training courses in finance, accounting rules, consolidation, auditing, internal control and risk management were given, attended by over 2,700 employees. As a result of the COVID-19 pandemic, during 2020 greater use was made of remote media and the webinar format for personnel training.

F.2 Risk assessment of financial information,

Report at least:

F.2.1 Which are the main characteristics of the risk identification process, including error or fraud risks, stating whether:

If the process exists and is documented.

The ACS Group has established a risk management model that supports a range of actions in order to comply with the objectives established by the Board of Directors. The Board of Directors on December 17, 2020, approved an update to the General Risk Control and Management Policy to adapt to the new wording of Recommendation 45 of the Code of Good Governance of listed companies as amended by the CNMV on June 26, 2020.

The Risk Map, updated in accordance with the approved General Risk Control and Management Policy, includes the identification, evaluation and classification of risks at the Group and operational divisions level. The process of categorizing the complete risk inventory applicable to the Businesses and the Group has involved reviewing risk events in a range of categories or taxonomies, following the guidelines of Recommendation 45 of the Code of Good Governance of listed companies as amended by the CNMV on June 26, which are as follows:

- Strategic: Risks associated with the key long-term objectives of the Businesses and of the ACS Group may arise from the Group's own actions, from other key market players (customers, competitors, regulators, investors and others), from changes in the competitive environment or from the business model itself.

- Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

- Technological: Risks associated with the technologies and systems used by the Businesses and by the ACS Group, as long as it cannot efficiently and effectively support current and future needs or possible cyberattacks.

- Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of supervision and monitoring of the regulations applicable to the Group in the different jurisdictions in which it operates, or arising from non-compliance with criminal and anti-bribery regulations that imply the responsibility of the ACS Group and which may lead to legal action, sanctions, fines or the partial or total stoppage of their activities.

- Social: Risks linked to the social rights of employees and persons related to the Businesses or to the ACS Group, as well as the socio-economic environment in which it operates.

- Environmental: Risks linked to potential environmental impacts, including climate change, which could cause harm to society, the environment and the Group, loss of competitiveness, damages and compensation or the stoppage of ongoing works, services or projects.

- Reputational: Risks linked to the deterioration of the image and perception of the ACS Group that may result from behavior by companies below the expectations of different interest groups, from the actions of third parties linked to the Group or from other areas outside it.

- Financial: Risks related to the economic and financial management of the Businesses and the ACS Group, the variability of financial parameters to which it is exposed, as well as the processes for generating financial information.

The differentiation between inherent risks and residual risks has been taken into account in the risk assessment, taking into account the control and management mechanisms currently in place in the Group to deal with risk. Taking into account the control mechanisms, the impact (economic, operational and reputational depending on whether at local, national or international level in the short, medium or long term) and the residual probability (that the risk becomes a specific event) are assessed as high, medium and low for them in a basically qualitative way.

In describing the ACS Group's general risk policy, Section E of the CGAR describes the risks, as does the corresponding section of the Non-Financial Reporting Statement.

Whether the process covers all financial reporting objectives, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.

In addition to financial risks (liquidity, exchange rate, interest rate, credit and equities), the Group's risks also include those risks relating to the reliability of the financial information, including tax risks.

As part of ICFR management, the ACS Group has a procedure that allows its scope to be identified and maintained by identifying all relevant subgroups and divisions, as well as the significant operating and support processes of each of the subgroups or divisions. This identification is carried out based on the materiality and risks factors that are inherent to each business.

The materiality criteria are established, on one hand, from the quantitative point of view in accordance with the most recent consolidated financial statements based on the various parameters, such as revenue, volume of assets or profit before tax and, on the other hand, from the qualitative point of view in accordance with various criteria, such as the complexity of the information systems, the risk of fraud or accounting based on estimates or criteria that may have a more subjective component. In practice, this means being able to determine which of the accounting epigraphs of the financial statements are material, as well as other relevant financial information. In addition, the processes or business cycles in which this information is generated are identified.

The ACS Group's Corporate General Management is responsible for updating the scope of the Internal Control over Financial Reporting System and informing the various business areas and the auditor of any changes that occur.

For each process or business cycle included within the scope, the Group has identified the risks that can specifically affect the financial information, taking into account all of the financial reporting objectives (existence and occurrence; integrity; valuation; rights and obligations; and presentation and comparability), and taking into consideration the different risk categories described in section E of the CGAR to the extent that they could significantly affect the financial information. During 2020, the ACS Group reviewed the appropriateness of the procedures with current operations to cover all of the objectives mentioned above.

A specific process is in place for identifying the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

This assessment is performed at least on an annual basis and whenever companies are included in or excluded from the Group's scope of consolidation, which is reviewed on a quarterly basis.

The process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements.

The ACS Group's Risk Management System considers strategic, operational, technological, legal, criminal or anti-bribery, social, environmental, reputational, financial risks or any other type which, if they arise, could have a significant impact on the Group's financial statements.

Which of the entity's governing bodies monitors the process?

The Board of Directors is responsible for approving the risk control and management policy and for the regular monitoring of the information and control systems, while the Audit Committee has among its competences to monitor and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks as well as internal control.

F.3 Control activities

Indicating their main characteristics, detail at least the following:

F.3.1 Procedures for reviewing and authorizing the financial information and description of the ICFR to be disclosed to the stock markets, indicating who is responsible in each case, as well as documentation and flow charts for activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the specific review of the relevant judgments, estimates, evaluations and projections.

Prior to their approval by the Board of Directors and to their publication, the Corporate General Management must submit both the annual and half-yearly condensed consolidated financial statements as well as any other periodic public information supplied to the stock markets to the Audit Committee, taking into consideration the most relevant impacts and those matters whose contents or components are based on accounting opinions or assumptions for the purpose of calculating estimates and provisions.

Prior to the publication of the financial statements, those responsible for each line of business are required to review the information reported for the purposes of consolidation in their respective areas of responsibility.

This report with the description of the ICFR is prepared by the Corporate General Management based on the information supplied by all affected departments and business areas and is submitted for review and approval by the Audit Committee.

All business areas which are relevant for the purpose of financial reporting have different controls to ensure the reliability of the financial information. These controls are identified for the significant business cycles at a consolidated level, based on the internal procedures used, as well as the reporting systems which are used as the basis for preparing the financial information of each business area.

The Group documents the significant processes, risks and control activities implemented in the business areas in a systematic and homogeneous manner, with the exceptions described for the listed investee companies which follow their own procedures. This documentation is based on the following:

- Identification of the companies and processes or business cycles that may significantly affect the financial information. Each significant process has a flow chart and a description of key activities.

- Identification of the risks and controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

The processes considered within the scope include the operating business cycles and the accounting close, communication of information and consolidation. The possible risks of fraud and the specific review of relevant judgments, estimates, evaluations and projections are taken into account in each of the business cycles. Those companies that are included within the scope of ICFR but have not completed the relevant implementation are obliged to prepare a plan to proceed with implementation and report on its execution to the Corporate General Management.

F.3.2 Internal control policies and procedures for information systems (including secure access, control of changes, system operation, operating continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

Following a policy of decentralization and independence of each of its business areas, the ACS Group does not centrally manage its information systems, but rather each business area manages these resources based on the particular features of each business. This is not an obstacle hindering each of the business areas from defining its policies, standards and procedures for internal control over the information systems and security management.

Access to the information systems is managed in accordance with tasks assigned to each job position, and each company defines its users' profiles for accessing, modifying, validating or consulting information following a criterion of segregation of duties defined by each area. Management of access, changes in the applications and the flows of approval are defined in the procedures of each business area, as are the responsibilities of those responsible for monitoring and control.

The control mechanisms for the recovery of information and information systems are defined in the corresponding continuity plans. Each of the business areas has storage and backup processes at different locations that provide for contingencies if necessary. Each Group company also establishes the required security measures against leakage or loss of physical and logical information, depending on the level of confidentiality.

The main information systems have protection against viruses and Trojans and have elements that are periodically updated to prevent intrusions to the information systems.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities and of the appraisal, calculation or valuation of services commissioned from independent experts, when these may materially affect the financial statements.

The ACS Group does not usually subcontract work to third parties that could materially affect the financial statements. In any case, when the ACS Group outsources work to third parties, it ensures the technical training, independence and skills of the subcontractor. In the case independent experts are used, the person responsible for contracting these experts must validate the work and conclusions reached from their work.

In the specific case of valuations made by independent experts, the criteria and results thereof are revised by Group management or by management of the business areas affected, requesting comparison valuations when necessary.

F.4 Information and communication

Indicating their main characteristics, detail at least the following:

F.4.1 A specific function in charge of defining accounting policies, keeping them up to date (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, maintaining frequent communication with the team in charge of operations in the organization, as well as a manual of accounting policies regularly updated and communicated to all the entity's operating units.

Corporate General Management, through the Corporate Administration Department, is responsible for defining and updating the accounting policies and responding to queries and doubts arising from the implementation of the applicable accounting regulations. This can be done in writing and replies to queries are made as quickly as possible depending on their complexity.

The Group has an Accounting Policies Manual that is in line with the International Financial Reporting Standards (IFRS) approved by the European Union (IFRS-EU). This manual, updated in January 2020, applies to all companies included in the Group's scope of consolidation and to its joint ventures and associates.

In cases where the ACS Group does not have control but does have a significant influence, the required adjustments and reclassifications are made to the associate's financial statements in order to ensure that the accounting criteria are uniform with those of the Group.

Group companies may have their own manual as long as it does not contradict that indicated in the Group's manual, so as to be able to ensure the uniformity of the accounting policies of ACS.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning the ICFR.

Reporting to the ACS Group's Corporate General Management is carried out in accordance with the following guidelines:

1. Frequency of information reporting.

   Once the meeting schedule of the Executive Committee and the Board of Directors has been set, the reporting dates and type of information to be reported are sent to the various heads of the divisions or Group companies on an annual basis.

2. Typology of information.

   The information to be reported will vary and is detailed based on the reporting period (monthly/ quarterly/half-yearly/annually).

3. Financial reporting format

   The information sent to the Administration Department (Corporate General Management) by the various business areas was reported using the SAP BPC consolidation program that gathers both accounting information (mainly for the statement of financial position, the income statement, the comprehensive statement of recognized income and expenses and the cash flow statement) and off-balance sheet information. This information is complemented with various Excel templates parameterized and automated for the aggregation and elaboration of various items of information, usually in relation to off-balance sheet and management.

For the preparation of the consolidated statements, all business areas must report any changes in the scope of consolidation for their business area prior to the end of the month. Before making the openings for the corresponding month, the consolidation program includes all the parameterization of the consolidation system, which specifically includes the scope of consolidation affecting the entire ACS Group.

4. Internal control information model

   The ACS Group has defined a reporting system for the most significant controls included within the framework of the Internal Control over Financial Reporting System, in which each person responsible for its implementation and monitoring must send the Group's Corporate General Management a report detailing its operations during the period.

   This reporting took place in 2020 on a half-yearly basis, at the same time as the publication of the ACS Group's interim half-yearly financial statements.

F.5 Supervision of system operation

Indicating their main characteristics, detail at least the following:

F.5.1 The ICFR supervision activities carried out by the Audit Committee, as well as whether the company has an internal audit function which includes support to the Committee in its work on supervising the internal control system, including the ICFR, among its duties. Furthermore, indicate the scope of the assessment of the ICFR carried out in the financial year and of the procedure by which the person in charge of the assessment communicates the results thereof, whether the entity has an action plan that details possible corrective actions and whether its impact on the financial information has been considered.

The ACS Group's Internal Audit Department is set up as an independent service, the function of which is to provide support to the Group's Board of Directors and senior management in the examination, evaluation and supervision of the internal control and risk management systems both of the parent company and the other companies comprising the Group.

The ACS Group's internal audit functions are carried out by the Corporate Internal Audit Department, which coordinates internal auditing of the Group's various business areas.

The Corporate Internal Audit Department is included in the organizational structure as a body reporting hierarchically to the Corporate General Management and functionally to the Audit Committee of the Board of Directors. It has no hierarchical or functional link to the business areas. Therefore, the appointment/ dismissal of the person responsible is at the suggestion of the Audit Committee. In this regard, Hochtief, A.G. and CIMIC Group Limited, as noted in point F.1, have their own control systems, and the internal audits for these companies report to their Audit Committees, as indicated in the Hochtief, A.G. "Opportunities and Risks Report" included in the 2020 Annual Report. (available at www.hochtief.com) and in the "2020 Corporate Governance Statement" of CIMIC Group Limited (available at www.cimic.com.au).

In turn, the internal audit departments of the parent companies of the Group's non-listed business areas report hierarchically to the Chairman and/or CEO of the same and functionally to the Corporate Internal Audit Department. The functions assigned to the Internal Audit Department are as follows:

a. Review the implementation of policies, procedures and standards established in the Group's business areas, as well as the operations and transactions they perform.

b. Identify faults or errors in the systems and procedures, indicating their causes, issuing suggestions for improvement in the internal controls established and monitor the approved recommendations by the Management of the various business areas.

c. Review and assess in the performance of their work, the internal controls established, including those which make up the risks associated with the financial information for the audited units.

d. Report any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

The Corporate Internal Audit Department submits the Annual Audit Plan each year for approval by the Audit Committee. This Audit Plan consolidates the internal audits of ACS Group companies, except for Hochtief, A.G. and CIMIC Group Limited.

The Corporate Internal Audit Department periodically submits to the Audit Committee a summary of the reports already drafted and the status of the internal audits of the various business areas.

The Corporate Internal Audit Department submitted the 2020 Activities Report and the 2021 Audit Plan to the Audit Committee in March 2021, which include among other aspects an increase in the review of the operation of the control procedures and activities included in the internal control system for financial information. The audits carried out in 2020, as in previous years, respond to the following typology:

– Audits of specific projects.

– Audits of delegations or geographic areas within a company.

– Audits of processes or specific areas.

– Audits of companies or groups of companies.

A total of 117 audits were carried out in all business areas of the Group in 2020, representing 27% of the ACS Group's total revenues, excluding Hochtief, A.G. and CIMIC Group Limited.

During the 2020 fiscal year, the internal audits completed specifically carried out a review process for the Internal Control over Financial Reporting System of the company, project or delegation audited, and identified a set of key controls to verify its functionality. Coverage of the scope of the work was adapted to the companies and processes that are actually significant and in which the ICFR has been implemented.

The purpose of this review consisted in obtaining evidence of financial information controls at company and delegation level as well as the risk and control matrices, indicating in the corresponding audit report the weaknesses identified in internal control and proposing plans of action through respective recommendations to be adopted by the company to mitigate such risks and weaknesses, should any be detected.

Furthermore, all processes were reviewed in which the Internal Control over Financial Reporting System of the company and the Central Services of each business area has been implemented, issuing in each case a report on the weaknesses identified in internal control.

The methodology employed consisted of reviewing the supporting documentation of the evidence with regard to each control and questioning the personnel responsible for executing each of the controls to determine if the control procedures described have been implemented and are in operation.

It was concluded that there was no evidence of significant noteworthy incidents, and in general the controls reviewed satisfactorily cover the risks for which they were assigned, and the evidence provided adequately supports the application of such controls.

F.5.2 If there is in place a discussion procedure whereby the accounts auditor (pursuant to that established in TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or their other assignments, to the company's senior management and its Audit Committee or entity administrators. Also report whether there is any action plan in place to correct or mitigate the weaknesses observed.

In accordance with the Rules of Procedure of the Board of Directors, the Audit Committee has the following functions:

- To monitor the effectiveness of the Company's internal controls, ensuring that the policies and systems established regarding internal controls are applied effectively in practice, and in the internal audit, and discuss any significant weaknesses in the internal control system detected during the audit with the accounts auditor, without compromising their independence, with a view to reaching conclusions on the level of trust and reliability of the system. For this purpose, and if applicable, the Committee may submit recommendations or proposals to the Board of Directors and the relevant period for follow up.

- To establish appropriate relations with the external auditor to receive information, for consideration by the Committee, on any issues that could jeopardize their independence and any other issues related to the accounts auditing process and, where appropriate, the authorization of services other than those prohibited under the provisions of the applicable regulations, as well as any other communications provided for in the accounts auditing legislation and auditing standards.

As a result of this work, the internal audit departments of the companies of the Group issue a written report which summarizes the work carried out, the situations identified, the action plan including, where applicable, the timetable and persons responsible for correcting the situations identified, and opportunities for improvement. These reports are sent to the head of the business area and to the Corporate Internal Audit Department.

Committee which contains a summary of the activities carried out and the reports drawn up during the year, as well as the monitoring of the main significant aspects and recommendations contained in the various reports.

The Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim consolidated financial statements for the first and second half of the year prior to their approval, and prior to the meeting held by the Board of Directors to prepare the complete annual individual financial statements of the parent company, as well as the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the external auditors' work for the current year, as well as to report the results that have been obtained in the preliminary review prior to the end of the financial year.

During the 2020 financial year, the Internal Auditor attended five meetings of the Audit Committee and the External Auditor attended five meetings of the Audit Committee, at the invitation of the Chairman and in relation to the items on the agenda for which their presence was required.

F.6 Other relevant information

F.7 External auditor's report

Indicate:

F.7.1. Whether the ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be included as an appendix. Otherwise, explain the reasons for the absence of this review.

The information relating to the ICFR issued to the markets for 2020 was reviewed by the external auditor.

ACS, Actividades de Construcción y Servicios, S.A

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ACS, Actividades de Construcción y Servicios, S.A. for 2020

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ACS, Actividades de Construcción y Servicios, S.A. for 2020

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the directors of ACS, Actividades de Construcción y Servicios, S.A.

As requested by the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. (the "Company") and in accordance with our proposal letter dated 11 February 2021, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of ACS, Actividades de Construcción y Servicios, S.A. for 2020, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report.

As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2020 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013, subsequently amended by CNMV Circular 7/2015 of 22 December 2015 and CNMV Circular 2/2018 of 12 June 2018 and Circular 1/2020 of 6 October 2020 (hereinafter, the CNMV Circulars).

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.

3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes of the meetings of the Board of Directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

Manuel Martín

31 March 2021

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the Code of Good Governance of listed companies.

If any recommendations are not followed or are only partially followed, a detailed explanation of the reasons for this must be included so that the shareholders, investors and the market in general have sufficient information to assess the company's conduct. Explanations of a general nature will not be acceptable.

1. The by-laws of listed companies may not limit the number of votes held by a single shareholder or impose other restrictions on the company's takeover via the market acquisition of its shares.

	Complies	Explain
	X	

2. That, where the listed company is controlled, within the meaning of Article 42 of the Spanish Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relationships with that entity or one of its subsidiaries (other than those of the listed company) or carries out activities related to any of them, publicly report accurately on:

   a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.

   b) The mechanisms in place to resolve possible conflicts of interest.

Cumple	Cumple parcialmente	Explique	No aplicable
			X

3. During the Ordinary General Meeting, the Chairman of the Board of Directors should supplement the published annual corporate governance report with a sufficiently detailed verbal report to shareholders on key corporate governance issues in the company, including in particular the following:

   a) Changes since the last Ordinary General Meeting.

   b) The specific reasons why the company does not follow any of the Corporate Good Governance recommendations, and whether any alternative rules are applied to the matters in question.

	Complies	Partially complies	Explain
	X		

4. The company should define and promote a policy regarding communication and contact with shareholders and institutional investors in the context of their involvement in the company, as well as proxy advisors which fully respects insider trading rules and accords equal treatment to all shareholders who are in the same position.

   The company should publish this policy on its website, including information regarding the ways in which it is put into practice and identifying interlocutors and the officers responsible for its implementation.

And, without prejudice to the legal obligations to share privileged information and other regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other means) that help maximize the dissemination and quality of information available to the market, investors and other stakeholders.

Complies	Partially complies	Explain
X		

5. The Board of Directors should not seek from General Meetings the delegation of powers to issue shares or convertible bonds where such issues exclude preferential subscription rights and exceed 20% of share capital at the time of delegation.

   Where the Board of Directors approves any issue of shares or convertible bonds involving the exclusion of preferential subscription rights, the company should immediately publish the reports on such exclusion required in accordance with prevailing commercial legislation on its website.

Complies	Partially complies	Explain
X		

6. Listed companies preparing the reports mentioned below, whether on a mandatory or voluntary basis, should publish the same on their corporate website sufficiently in advance of the date of the Ordinary General Meeting, even when publication is not mandatory:

   a. Report on auditor independence.

   b. Reports on the functioning of the Audit and Appointments and Remuneration Committees.

   c. Audit Committee report on related party transactions.

Complies	Partially complies	Explain
	X	

The performance reports of the Audit, Appointments and Remuneration Committees are published. In particular, the Audit Committee's performance report includes the auditor's independence report.

However, the Audit Committee report on related party transactions will not be published because it is not considered that it provides any relevant information in addition to that already published in other documents. Specifically, the related party transactions are published in great profusion and detail, both in the notes to the financial statements and in the corporate governance annual report itself, in both section D of related party operations and in section H for anything not expressly covered by the said section D.

7. The company should broadcast general shareholders' meetings live on its website.

   And the company should have mechanisms that allow for the delegation and exercise of voting by remote means and even, in the case of high-capitalization companies and to the extent that it is proportionate, active participation in and attendance of the General Meeting.

Complies	Partially complies	Explain
X		

8. The Audit Commission should ensure that the financial statements presented by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with the accounting rules. And that, in those cases in which the accounts auditor has included a proviso in their audit report, the Chairman

of the Audit Committee clearly explains to the General Shareholders' Meeting the opinion of the Audit Committee regarding its content and scope, making a summary of this opinion available to shareholders at the time of publication of the call to the Meeting, together with the rest of the proposals and reports of the Board.

Complies	Partially complies	Explain
X		

9. The company should publish the requirements and procedures required to accredit ownership of shares, the right of attendance at general shareholders' meetings, and the delegation and exercise of voting rights on its website on a permanent basis.

   Such requirements and procedures should be designed to foster attendance and the exercise of voting rights by shareholders, and they should be applied on a non-discriminatory basis.

Complies	Partially complies	Explain
X		

10. Where any shareholder may legitimately have exercised the right to make any addition to the agenda or presented new proposals for resolutions before the date of the general shareholders' meeting, the company should:

    a. Immediately publish such additional agenda items and new proposals for resolutions.

    b. Publish the form of the attendance card, proxy voting form or remote voting form containing the necessary changes to allow voting on the new points on the agenda and alternative proposals, in accordance with the same terms proposed by the Board of Directors.

    c. Submit all such agenda items or alternative proposals to a vote applying the same voting rules as in the case of matters or proposals made by the Board of Directors, including in particular any assumptions or deductions with regard to the nature of votes.

    d. After the general shareholders' meeting, the company should provide a breakdown of votes cast on any such additional agenda items or alternative proposals.

Complies	Partially complies	Explain	Not applicable
			X

11. If the company intends to pay any premiums for attendance at the General Shareholders' Meeting, it should establish a general policy regarding such premiums in advance and apply said policy on a stable basis.

Complies	Partially complies	Explain	Not applicable
			X

12. The Board of Directors should perform its duties with unity of purpose and independent judgment, according all shareholders who are in the same position the same treatment. It shall be guided at all times by the company's best interests, to be understood as establishing a profitable business that is sustainable in the long run, promoting business continuity and maximizing the company's economic value.

    In pursuit of the corporate interest, the company should not only abide by applicable laws and regulations and act in good faith, ethically and with due respect for custom and generally accepted best practices, but also seek to reconcile said corporate interest with the legitimate interests of its employees, suppliers, customers and other stakeholders potentially affected by the conduct of affairs, and with the impact of the company's activities on the community as a whole and on the environment.

	Complies	Partially complies	Explain
	X		

13. In the interests of the effectiveness and participatory nature of its functioning, the Board of Directors should comprise between 5 and 15 members.

	Complies	Explain
		X

Following the reduction in the number of members of the Board of Directors agreed at the last General Shareholders' Meeting, there are currently 16 Board members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the Company By-Laws in accordance with the regulations concerning capital companies. To date, this was considered to be the most appropriate number in accordance with the company's needs and characteristics with regard to shareholder structure.

14. The Board of Directors should approve a policy aimed at favoring an appropriate composition of the Board of Directors and that:

    a) it is concrete and verifiable;

    b) it ensures that proposals for appointment or re-election of members are based on a prior analysis of the skills required by the Board of Directors; and

    c) it favors diversity of expertise, experience, age and gender. To this end, measures that encourage the company to have a significant number of female senior executives are considered to favor gender diversity.

    The result of the prior analysis of the skills required by the Board of Directors should be set forth in a report from the Appointments Committee, which shall be published on the occasion of the call to the General Shareholders' Meeting at which the ratification, appointment or re-election of each director is to be sought.

    The Appointments Committee should verify compliance with this policy on an annual basis and explain its findings in the annual corporate governance report.

	Complies	Partially complies	Explain
		X	

Even though ACS has a diversity policy that includes the projection of ACS's governing bodies and its Group, objectives and commitments in terms of diversity, and mechanisms to monitor, evaluate and supervise the Policy, this has not been adapted to the partial revision of the CBG of June 2020, without prejudice to the fact that the criteria set out in this Recommendation are taken into account.

15. A broad majority on the Board of Directors should be proprietary and independent directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the group of companies as well as each executive director's holding in the share capital of the company.

    And that the number of women directors represents at least 40% of the members of the Board of Directors before the end of 2022 and beyond, not being less than 30%.

	Complies	Partially complies	Explain
		X	

Compliance with this Recommendation is considered to be partial since, although the selection procedures for Board members seek to facilitate the selection of female directors in a number that would achieve a balanced presence of women and men by December 31, 2020, the number of women directors represents 18.75% of the total number of Board members. In any event, the Appointments Committee, in compliance with the provisions of the Board Rules and the Diversity Policy, shall promote gender diversity in relation to potential candidates, on the basis that they meet the appropriate professional profile and objective criteria of merit and ability.

16. The percentage of proprietary directors over the total number of non-executive directors should not be greater than the proportion existing between the company's capital represented by such directors and the remainder of the capital.

    This proportional criterion may be relaxed:

    a) In large cap companies where few ownership interests attain the legal threshold for significant shareholdings.

    b) In companies where multiple, otherwise unrelated shareholders are represented on the Board of Directors.

	Complies	Explain
	X	

17. The number of independent directors should represent at least half of all directors.

    Nevertheless, in companies which are not large cap concerns, or even if they are, where a single shareholder or several acts in concert to control more than 30% of share capital, the number of independent directors should represent at least one third of the total number of directors.

	Complies	Explain
		X

The Company understands that the composition of the Board of Directors is adequate to represent the interests of shareholders, both majority and minority. To this end, the Board of Directors, with the support of the Appointments Committee, ensures the necessary diversity of the Board as a whole so that its members bring together the requisite knowledge, training, work experience and other aspects that may be relevant due to the sectors and international character of the ACS Group, with the current directors' knowledge of the Company and its Group being valued very highly. In turn, it is also important to note that the Company believes that in the case of three of the other external directors, while legally they cannot be qualified as independent directors as they have been directors for more than 12 years, in view of their personal and professional qualities, they can perform their duties without being conditioned by their relationships with the Company or its Group, its significant shareholders or executives.

18. Companies shall post the following information regarding the directors on their websites, and keep them permanently updated:

    a. Professional experience and background.

    b. Board memberships held at other companies, listed or otherwise, and any other remunerated activities of any kind in which the board member may engage.

    c. An indication of the director's classification, in the case of proprietary directors stating the shareholder they represent or have links with.

d. The date of their first and subsequent appointments or re-elections as a company director.

e. Shares held by them in the company and any options thereon.

Complies	Partially complies	Explain
X		

19. Subject to verification by the Appointments Committee, the annual corporate governance report should explain the reasons for the appointment of proprietary directors at the request of shareholders holding equity interests of less than 3% of share capital. Likewise, the reasons for the refusal, where applicable, of any formal requests for seats on the board made by shareholders holding interests of equal size or greater than the interests owned by other shareholders at whose request proprietary directors were appointed.

Complies	Partially complies	Explain	Not applicable
			X

20. That proprietary directors resign when the shareholder they represent transmits their share in full. And that they also do so, in the appropriate number, when such shareholder reduces their shareholding to a level that requires a reduction in the number of its proprietary directors.

Complies	Partially complies	Explain	Not applicable
			X

21. The Board of Directors may not propose the removal of any independent director before the expiration of the statutory term for which they were appointed, except where just cause is found by the Board of Directors based on a report from the Appointments Committee. In particular, just cause will be presumed when a director takes up any new posts or contracts new obligations such as might prevent them from dedicating the necessary time to the discharge of the duties proper to the office of director, is found to be in breach of the duties inherent in their position or comes under one of the grounds leading to disqualification as independent, in accordance with the provisions of the applicable legislation.

    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 and such changes in the structure of the Board of Directors are a consequence of the proportionality criterion set out in Recommendation 16.

Complies	Explain
X	

22. The companies shall establish rules that ensure that directors report and, where appropriate, resign in the event of situations that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, that ensure that they inform the Board of Directors of any criminal case in which they are under investigation, as well as the progress of the proceedings.

    And the Board of Directors, having been informed or otherwise made aware of any of the situations mentioned in the paragraph above, will examine the case as soon as possible and, taking into account the specific circumstances, will decide, following a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. And that this is reported in the annual corporate governance report, unless special circumstances warrant it, which must be recorded in the minutes. This is without prejudice to the information that the Company is required to share, if appropriate, at the time of adopting the appropriate measures.

	Complies	Partially complies	Explain
	X		

23. All directors should express clear opposition when they feel a proposal submitted for approval by the Board of Directors might harm the corporate interest. In particular, independents and other directors unaffected by potential conflicts of interest should challenge any decision that could be detrimental to the interests of shareholders lacking board representation.

    When the Board of Directors makes any material or recurring decisions on any matter about which a director has expressed serious reservations, then they should draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

    The terms of this recommendation also apply to the Secretary of the Board of Directors, whether or not they are also a director.

Complies	Partially complies	Explain	Not applicable
X			

24. That when, either by resignation or by agreement of the General Meeting, a director ceases to serve before the end of their term of office, adequately explain the reasons for their resignation or, in the case of non-executive directors, their views on the reasons for the dismissal by the Board, in a letter which they will forward to all members of the Board of Directors.

    And that, without prejudice to the fact that all this is reported in the annual corporate governance report, to the extent that it is relevant to investors, the company publishes as soon as possible the termination including sufficient reference to the reasons or circumstances provided by the director.

Complies	Partially complies	Explain	Not applicable
X			

25. The Appointments Committee should ensure that non-executive directors have sufficient time available for the appropriate discharge of their duties.

    The Board rules should establish a maximum number of other companies' boards on which the directors may hold seats.

	Complies	Partially complies	Explain
		X	

The Appointments Committee should ensure that non-executive directors have sufficient time available for the appropriate discharge of their duties. However, this is considered to partially comply because the Rules of the Board do not establish a maximum number of company Boards to which its directors may form part. However, it is understood that this is not the only variable that can affect the dedication of the Company's directors, and that the performance of their professional activities should also be taken into account in general, outside the scope of the Company Board, to the extent that this can be a relevant variable to assess their availability in the exercise of their functions. The Company considers that with the aim of maintaining a balance between dedication to the Company and the benefits and experience they contribute to the same from their own activity and presence on other boards, their presence on such boards cannot be restricted, as this is a matter for which the director must make an appropriate judgment of whether they consider that a presence on other boards may affect their dedication and appropriate performance. At no time has the existence been detected of any lack of time or dedication by directors for the adequate performance of the duties with which they have been charged.

26. The Board of Directors should meet as often as necessary to perform its functions effectively and at least eight times per year, following a schedule of dates and matters established at the start of the year.

However, each director may also individually propose other initially unscheduled items for inclusion in the agenda.

	Complies	Partially complies	Explain
	X		

27. Failure on the part of directors to attend meetings should be confined to unavoidable cases and non-attendance should be quantified in the annual corporate governance report. Proxies should be arranged with instructions in the event of inability to attend.

	Complies	Partially complies	Explain
		X	

As stated in section C.1.26, the Company has had 100% attendance at the meetings of the Board of Directors. Also, in many cases, delegation with voting instructions is not considered advisable, given that one of the features of Board meetings is their deliberative character, at which the directors express their different positions and opinions and thus are able to reach conclusions other than the initial ones.

28. Where the directors or the Secretary express any concerns over a proposal, or in the case of directors, over the conduct of the company's affairs, and such concerns are not resolved at a meeting of the Board of Directors, the concerns raised shall be recorded in the minutes at the request of the party expressing the same.

Complies	Partially complies	Explain	Not applicable
X			

29. The company should establish appropriate channels to allow the directors to obtain the necessary advice to discharge their duties, including external advisory services payable by the company where circumstances so require.

	Complies	Partially complies	Explain
	X		

30. Irrespective of the expertise required of directors for the discharge of their duties, companies should offer directors training programs to refresh their knowledge and skills, where circumstances so require.

	Complies	Partially complies	Explain
	X		

31. The agenda for board meetings should indicate clearly the points on which the Board of Directors is required to adopt a decision or resolution, so that the directors can examine or obtain the necessary information in advance.

    Where the Chairman may wish in exceptional circumstances and for reasons of urgency to propose decisions or resolutions which are not included in the agenda for approval by the Board of Directors, the express prior consent of the majority of the directors present shall be required and shall be recorded in the minutes.

	Complies	Partially complies	Explain
	X		

32. Directors shall be periodically informed of changes in the shareholder structure and of the opinions of the company and its group held by significant shareholders, investors and rating agencies.

	Complies	Partially complies	Explain
	X		

33. As the officer responsible for the effective functioning of the Board of Directors, the Chairman shall exercise the functions attributed by law and the by-laws, and shall prepare and submit to the Board of Directors a schedule of dates and an agenda, organize and coordinate periodic assessments of the Board, and where appropriate, of the company's chief executive officer. The Chairman shall likewise be responsible for directing the work and effective functioning of the Board, ensuring that sufficient time is given to the discussion of strategic issues, and agreeing and reviewing the programs established to refresh the knowledge of each director when circumstances so require.

	Complies	Partially complies	Explain
	X		

34. Where there is a coordinating director, the by-laws or rules of the Board of Directors shall attribute the following functions to said officer in addition to the powers legally assigned to the same: to chair the Board of Directors in the absence of the Chairman and Deputy Chairmen, where applicable; to take note of the concerns voiced by non-executive directors; to maintain contact with investors and shareholders in order to learn their points of view and form an opinion of their concerns, in particular with regard to corporate governance of the company; and to coordinate the plan for succession of the Chairman.

Complies	Partially complies	Explain	Not applicable
	X		

Article 18.4 of the Rules of Procedure of the Board of Directors of the Company regulates the role of the Coordinating Director, although it does not include the function of maintaining contact with investors and shareholders, even if it does so de facto in practice.

35. The Secretary to the Board of Directors shall in particular oversee the actions and decisions of the Board of Directors, ensuring that they are based on the good governance recommendations applicable to the company as set forth in the Code of Good Governance.

	Complies	Explain
	X	

36. The Board of Directors shall meet once per year in full session to evaluate and, where appropriate, adopt an action plan to correct any weaknesses identified with respect to:

    a. The quality and effectiveness of the Board of Director's functioning.

    b. The functioning and composition of its committees.

    c. The diversity of the Board of Director's membership and powers.

    d. The performance of the Chairman of the Board of Directors and the company's chief executive.

    e. The performance and contribution of each director, focusing in particular upon the directors responsible for each of the board committees.

Assessments of the different committees shall be based upon the reports submitted by the same to the Board of Directors, while the evaluation of the board itself shall be based on the report submitted by the Appointments Committee.

Every three years, the Board of Directors shall be assisted in its evaluation by an external consultant, whose independence shall be verified by the Appointments Committee.

Business relationships maintained by the company or any group company with the consultant or any company forming part of the consultant's group shall be duly disclosed in the annual corporate governance report.

The processes and areas evaluated shall be described in the annual corporate governance report.

Complies	Partially complies	Explain
X		

37. That when there is an Executive Committee there should be at least two non-executive directors present, at least one of them independent; and that its secretary should be that of the Board of Directors.

Complies	Partially complies	Explain	Not applicable
X			

38. The Board of Directors shall at all times be apprised of the matters debated and decisions taken by the Executive Committee, and all members of the Board of Directors shall receive copies of the minutes to meetings of the Executive Committee.

Complies	Partially complies	Explain	Not applicable
X			

39. The members of the Audit Committee as a whole, and in particular its Chairman, shall be appointed in view of their knowledge and expertise in accounting, audit and risk management matters, both financial and non-financial.

Complies	Partially complies	Explain
X		

40. A unit shall be set up under the supervision of the Audit Committee to perform the internal audit function and oversee the proper functioning of information and internal control systems. The internal audit unit shall report functionally to the Non-Executive Chairman of the Board or to that of the Audit Committee.

Complies	Partially complies	Explain
X		

41. The head of this unit that assumes the internal audit function shall submit their annual work plan to the Audit Committee for approval by them or the Board, and shall report directly to them on its implementation, including any incidents and limitations on the scope that arise during its development, the results and follow-up of their recommendations, and shall submit an activity report at the end of each financial year.

Complies	Partially complies	Explain	Not applicable
X			

42. In addition to those established by law, the Audit Committee should perform the following functions:

    1. In relation to information systems and internal control:

a) To monitor and evaluate the process of drawing up and the integrity of financial and non-financial information, as well as the systems of control and management of financial and non-financial risks related to the company and, where appropriate, the group — including operational, technological, legal, social, environmental, political and reputational or corruption-related — reviewing compliance with regulatory requirements, proper delimitation of the scope of consolidation, and proper application of accounting criteria.

b) To oversee the independence of the internal audit unit; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for the service; approve or put forward for approval the orientation and annual work plan of the internal audit to the Board, ensuring that activities are directed principally toward relevant risks (including reputational); to receive regular information on its activities; and ensure that senior management takes the conclusions and recommendations of its audit reports into consideration.

c) To establish and oversee a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to communicate any potentially significant irregularities, including financial and accounting irregularities, or those of any other nature, related to the Company that they may identify within the Company or its group. This mechanism must ensure confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the complainant and the subject of the complaint.

d) To ensure in general that established internal control policies and systems are effectively implemented in practice.

2. In relation to the external auditor:

a) To examine the circumstances and reasons in the event of resignation of the external auditor.

b) To ensure that the remuneration of the external auditor's work does not compromise their quality or independence.

c) To oversee reporting by the company of any change of auditor through the CNMV, and to ensure that it is accompanied by a statement with regard to the possible existence of disagreements with the outgoing auditor, if any, and the content thereof.

d) To ensure that the external auditor holds an annual meeting with the whole of the Board of Directors to report on the audit work carried out and on the evolution of accounting matters and the risks to which the company is exposed.

e) To ensure that the company and the external auditor respect prevailing regulations governing the provision of services other than auditing, the limits on the concentration of the auditor's business and other regulations governing auditor independence in general.

Complies	Partially complies	Explain
X		

43. The Audit Committee may call any employee or executive of the company, and may even require their attendance without the presence of any other executive.

Complies	Partially complies	Explain
X		

44. The Audit Committee shall be apprised of all information concerning transactions involving structural or corporate changes which the company plans to carry out for its prior analysis and report to the Board of Directors on the economic conditions and accounting impact and, in particular, where appropriate, on the proposed exchange ratio.

Complies	Partially complies	Explain	Not applicable
X			

45. The control and risk management policy should identify or determine at least:

    a) The different types of financial and non-financial risks (operational, technological, legal, social, environmental, political and reputational, including corruption-related) to which the company is exposed, including contingent liabilities and other off-balance sheet risks among the financial and economic risks identified.

    b) A risk control and management model based on different levels, of which a specialized risk committee will form part when sectoral rules provide for it or the company deems it appropriate.

    c) The level of risk which the company considers acceptable.

    d) The measures established to mitigate the impact of the risks identified, in the event any should materialize.

    e) The information and internal control systems used to control and manage such risks, including contingent liabilities and off-balance sheet risks.

Complies	Partially complies	Explain
X		

46. An internal control and risk management function headed up by an internal unit or department of the company should be set up under the direct supervision of the Audit Committee or, where appropriate, under a specialized board committee to take charge of the following functions:

    a) To ensure the proper functioning of internal control and risk management systems and, in particular, to ensure that the same adequately identify, manage and quantify all significant risks to which the company may be exposed.

    b) To participate actively in the preparation of the risk strategy and significant decisions with regard to risk management.

    c) To ensure that risk control and management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Complies	Partially complies	Explain
X		

47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and Remuneration Committee where separate, should be appointed in view of their appropriate knowledge, skills and experience of the functions they will be required to discharge, and the majority of such members should be independent directors.

Complies	Partially complies	Explain
	X	

In accordance with applicable legislation, the internal regulations and the policies approved by the Board of Directors, particularly on diversity, the Company promotes selection procedures for directors that take into account appropriate knowledge, skills and experience for the functions that they are expected to perform, and diversity in its various aspects constitutes an essential requirement in the selection process. To this end, the majority of the members of the Remuneration Committee are independent directors, and the Appointments Committee has two independent directors as established by the Spanish Companies Law. In addition, the Chairpersons of both Committees are independent and have a casting vote.

48. Large cap companies should establish a separate Appointments Committee and Remuneration Committee.

Complies	Partially complies	Explain
X		

49. The Appointments Committee shall consult with the Chairman of the Board of Directors and the company's chief executive officer, in particular on matters relating to executive directors.

    Any director may request that the Appointments Committee take potential candidates to cover director vacancies into consideration, where they understand the same to be suitable.

Complies	Partially complies	Explain
X		

50. The Remuneration Committee shall exercise its functions independently. In addition to those attributed by law, said functions shall comprise the following:

    a) To propose the basic terms and conditions of senior executive contracts to the Board of Directors.

    b) To verify compliance with the remuneration policy established by the Company.

    c) To periodically review the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the Company.

    d) To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the Committee.

    e) To verify information on the remuneration of directors and senior executives contained in the various corporate documents, including the annual report on directors' remuneration.

Complies	Partially complies	Explain
X		

51. The Remuneration Committee shall consult with the company Chairman or chief executive officer, especially on issues involving executive directors and senior executives.

Complies	Partially complies	Explain
X		

52. The rules governing the composition and functioning of supervisory and control committees should be set forth in the Rules of Procedure of the Board of Directors and should be consistent with those applied by law to mandatory committees in accordance with the foregoing recommendations, including:

    a) Membership should be composed exclusively of non-executive directors, with a majority of independent directors.

    b) Committee chairpersons should be independent directors.

    c) The Board of Directors should appoint the members of these committees in view of the knowledge, skills and experience of directors and the duties entrusted to each committee, debating their relevant proposals and reports. Each committee should likewise be held to account for its activity and the work carried out at the first full session of the Board of Directors held after each of its meetings.

d) The committees may seek external advice where considered necessary for the due discharge of their functions.

e) Minutes shall be kept of each meeting and shall be provided to all of the directors.

Complies	Partially complies	Explain	Not applicable
			X

53. The supervision of compliance with company policies and rules in the environmental, social and corporate governance fields, as well as internal codes of conduct, is attributed to one or distributed among several committees of the Board of Directors. This could be the Audit Committee, the Appointments Committee, a committee specialized in sustainability or corporate social responsibility or another specialized committee that the Board of Directors, exercising its powers of self-organization, has decided to create. And such a committee should be composed only of non-executive directors, the majority being independent and specifically assigned the minimum functions set out in the following recommendation.

	Complies	Partially complies	Explain
	X		

54. The minimum functions referred to in this recommendation are as follows:

a) The supervision of compliance with the company's rules of corporate governance and its internal codes of conduct, as well as ensuring that the corporate culture is aligned with its purpose and values.

b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisors and other stakeholders. How the company communicates and engages with small and medium-sized shareholders will also be monitored.

c) The evaluation and periodic review of the company's corporate governance system and its environmental and social policy, in order to ensure that they fulfill its mission of furthering the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) Ensuring that the company's environmental and social practices are in line with the defined strategy and policy.

e) Supervising and evaluating processes affecting different stakeholder groups.

	Complies	Partially complies	Explain
	X		

55. Environmental and social sustainability policies should identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights, and the prevention of corruption and other illegal behavior.

b) The methods or systems for monitoring policy compliance, associated risks and risk management.

c) The mechanisms for monitoring non-financial risks, including those related to ethical matters and business conduct.

d) The channels of communication, participation and dialog with stakeholders.

e) Responsible communication practices to prevent the manipulation of information and safeguard personal integrity and honor.

Complies	Partially complies	Explain
X		

56. Directors' remuneration should be set at the necessary levels to attract and retain directors with the desired profile, and to reward the dedication, qualifications and responsibility required by their office, but it should not be set so high as to compromise the independence of non-executive directors.

Complies	Explain
X	

57. Variable remuneration linked to the company's results and personal performance should be confined to the executive directors, as should remuneration systems based on the allocation of shares, options or rights over shares or other instruments linked to the share price, and long-term savings systems such as pension plans or retirement and other prudential schemes.

    Share-based remuneration may be considered for non-executive directors subject to the condition that any securities delivered are held until the director concerned leaves office. This condition shall not apply to any securities which the director concerned may need to dispose of, where applicable, to settle acquisition costs.

Complies	Partially complies	Explain
X		

58. In the case of variable pay, remuneration policies should establish the necessary limits and technical precautions to ensure that such rewards relate to the professional performance of beneficiaries and do not accrue merely as a result of the general evolution of the markets, the industry in which the company operates or other similar circumstances.

    In particular, variable pay components should:

    a) Be linked to predetermined, measurable performance criteria, and such criteria should take into account the risks assumed to obtain results.

    b) Promote the sustainability of the company and should include non-financial, suitable criteria related to long-term value creation, as well as compliance with the company's internal rules and procedures, and with its risk control and management policies.

    c) Be structured on the basis of balance between the attainment of objectives in the short, medium and long term, so as to remunerate ongoing success and performance over a sufficient period of time to appreciate the contribution made to the sustainable creation of value and ensure that the performance variables measured do not refer only to one-off, occasional or extraordinary events.

Complies	Partially complies	Explain	Not applicable
X			

59. Payment of the variable components of remuneration is subject to sufficient verification that the performance or other conditions previously established have been effectively met. Entities shall include in the directors' annual remuneration report the criteria as to the time required and the methods for such verification according to the nature and characteristics of each variable component.

In addition, entities should value the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of payment of a part of the variable components that implies their total or partial loss should any event occur prior to the time of payment that makes it advisable.

Complies	Partially complies	Explain	Not applicable
X			

60. Compensation that is tied to the company's results shall take into account the qualifications, if any, contained in the external auditor's report where such results are reduced.

Complies	Partially complies	Explain	Not applicable
X			

61. A relevant percentage of the variable remuneration paid to executive directors should be linked to delivery of shares or financial instruments indexed to the share price.

Complies	Partially complies	Explain	Not applicable
X			

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, the executive directors may not transfer their ownership or exercise them until at least three years have passed.

    Except where the director maintains, at the time of transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equal to at least twice their annual fixed remuneration through ownership of shares, options or other financial instruments.

    This does not apply to shares that the director needs to transfer to meet the costs related to their acquisition or, after favorable assessment by the Appointments and Remuneration Committee, to deal with extraordinary situations that require it.

Complies	Partially complies	Explain	Not applicable
X			

63. Contractual agreements with directors should include a clause allowing the company to claim reimbursement of variable remuneration items where payment was not in line with the performance conditions established, or where payment was made in view of data later found to be inaccurate.

Complies	Partially complies	Explain	Not applicable
X			

64. Severance payments made on the termination or cessation of contracts should not exceed an amount equal to two years' total annual remuneration, and they should not be made until the company has been able to verify that the director concerned fulfills the criteria or conditions established for this.

    For the purposes of this recommendation, payments for contractual cessation or termination shall be considered as any credits whose accrual or obligation of payment arises as a consequence of or on the occasion of the termination of the contractual relationship linking the director with the company, including the amounts not previously consolidated of long-term savings systems and the amounts that are paid by virtue of post-contractual non-competition agreements.

Complies	Partially complies	Explain	Not applicable
X			

H. OTHER INFORMATION OF INTEREST

1. ***If there are any relevant aspects relating to corporate governance in the company or group entities which have not been reflected in the other sections of this report, but which need to be included to give more complete and reasoned information on the structure and governance practices in the company or its group, detail them briefly.***

2. ***This section can also include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.***

3. ***In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance and, if so, include the information that it is required to furnish, where such information differs from that required in this report.***

4. ***The company may also indicate whether it has adhered voluntarily to other codes on ethical principles or good practices, whether international or applying to the sector or other scope. Where applicable, identify the code in question and the date of adherence. In particular, mention whether it has adhered to the Code of Good Tax Practices of July 20, 2010.***

The Company at the meeting of its Board of Directors on November 19, 2010, took a decision to adhere to the Code of Best Tax Practices drawn up by the Spanish Revenue Service and Large Business Forum and notified the Agency of the fact on December 1, 2010. The objective of this Code is to underpin transparency and cooperation in the Company's tax practices, and to enhance legal certainty with regard to the interpretation of tax regulations.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company at its meeting held on .

Indicate whether any directors have voted against or abstained with respect to the approval of this Report.

Yes	No

Name or company name of the Board Member who has not voted in favor of approving this report.	Reasons (against, abstained, absent)	Explain the reasons

Observations

Statement of Responsibility and Authorization for Issue

The members of the Board of Directors declare that, to the best of their knowledge, the Consolidated Annual Accounts (Statement of Financial Position, Statement of Income, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements) have been prepared in accordance with the applicable accounting principles and give a true and fair view of the equity, financial position and results of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the consolidation, taken as a whole and that the management report (which contains the consolidated non-financial information statement) includes a true and fair view of the performance and results of the business and of the position of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the consolidation, taken as a whole, together with a description of the main risks and uncertainties that they face. Pursuant to prevailing legislation, the members of the Board of Directors sign this statement of responsibility, the Consolidated Annual Accounts and the directors' report of ACS, Actividades de Construcción y Servicios, S.A. and the subsidiaries comprising the ACS Group, prepared in accordance with current standards and International Financial Reporting Standards (IFRS), which were closed at December 31, 2020, on 552 sheets of common paper, including this one, all of which are signed by the Chairman and the Secretary of the Board of Directors.

Florentino Pérez Rodríguez (Chairman and CEO)	Antonio García Ferrer (Deputy Chairman)
Marcelino Fernández Verdes (Managing Director)	José Eladio Seco Domínguez (Board Member)
Agustín Batuecas Torrego (Board Member)	Antonio Botella García (Board Member)
Mariano Hernández Herreros (Board Member)	Joan-David Grimá i Terré (Board Member)
Emilio García Gallego (Board Member)	Carmen Fernández Rozado (Board Member)
Javier Echenique Landiríbar (Board Member)	María Soledad Pérez Rodríguez (Board Member)
Pedro José López Jiménez (Board Member)	Miguel Roca i Junyent (Board Member)
Catalina Miñarro Brugarolas (Board Member)	José Luís del Valle Pérez (Director and Secretary General)

Madrid, March 31, 2021

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.