



## General Risk Control and Management Policy

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The Board of Directors of ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. (hereinafter “ACS” or the “Organization”) is responsible for establishing the General Risk Control and Management Policy (the “Policy”), as a framework document identifying the basic principles and regulations for the control and management of the risks faced by the Organization and the other investee companies which are autonomously managed (hereinafter the “ACS Group” or the “Group”), while retaining the appropriate internal control systems and monitoring such systems regularly.

The geographic and business diversification of the ACS Group, together with the high degree of decentralized operations and autonomous management that characterizes the Group's companies, makes it necessary to implement a dual system for risk control and supervision. The following corporate framework for risk control and management should be read together with any relevant framework that may be implemented by each business unit or company, consistent with the Group’s guidelines. Each management level is ultimately responsible for compliance with the rules and internal procedures applicable to them, both in the Organization and in each of its investee companies.

## **1. PURPOSE**

The purpose of this document is to define, as a regulatory framework, the Comprehensive System and General Risk Control and Management Policy for the Organization and the investee companies that comprises the ACS Group. In addition, it defines the positioning of Risk Management and Control functions within the Corporate Governance structure and includes the definition of the competencies, roles and responsibilities of the different members of the Organization that participate in risk management and control.

## **2. SCOPE**

The General Risk Control and Management Policy is applicable to all companies within the ACS Group, over which the Organization has effective control, subject to any standards applicable to regulated activities carried out by the Group in the different countries in which it operates. This Policy does not apply to listed investee companies and their respective subsidiaries that, as a consequence of their special situation, are subject to the regulations published by any regulatory authorities applicable to them and which, consequently, adhere to their own risk policies approved by their competent bodies. In any case, such risk policies must be in accordance with the principles set forth in this General Risk Control and Management Policy.

Regarding Hochtief, A.G., this company is listed on the German stock market, and in turn holds a majority stake in CIMIC, which in turn is publicly traded on the Australian stock market. Both companies have implemented their own risk management and internal controls in accordance with applicable regulations. These groups also have their own Audit Committees, with duties similar to those of the Audit Committee of the ACS Group. Therefore, the General Risk Control and Management Policy of the ACS Group affects those activities carried out by Hochtief or Cimic, to the extent that they are already covered by their own risk control systems to which this document refers.

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 will cover all types of risk that may threaten the attainment of the objectives of the Organization and of the companies within the ACS Group.

Through this policy, both the Organization and the ACS Group companies undertake to develop all their capacities so that risks of all kinds are properly identified, measured, prioritized, managed and controlled.

### **3. GUIDELINES**

The ACS Group is subject to various risks inherent to the different countries, activities and markets in which it operates, and the activities it carries out, which may undermine, 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 make all efforts so that all relevant corporate risks of all the activities and businesses of the Group are properly identified, measured, prioritized, managed and controlled and to set up, through the General Risk Control and Management Policy, the mechanisms and basic principles for their adequate management and control so as to keep within a level of risk that allows for:

- a) integrating the approach to risk within the management of the Organization through the definition of the strategy and appetite;
- b) attaining the strategic objectives established by the Group with controlled volatility;
- c) preservation of strict segregation of duties between the areas that take on risk and the areas responsible for the analysis, control and supervision of such risks, providing an adequate level of independence;
- d) providing information to the regulators and main stakeholders on Group risks and those of its operating units in a transparent manner, as well as on the operation of the systems developed to control and monitor such risks;
- 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, clients, other stakeholders interested in the running of the Organization and society in general;
- h) ensuring business stability and financial strength on a sustained basis;
- i) ensuring the use of appropriate instruments to mitigate the impact of risks in accordance with the requirements of applicable regulations; and
- j) complying with all statutory requirements and applicable regulations, as well as meeting the values and standards of behaviour as reflected in the Code of Conduct and the principles and good practices of the Group, adopting a "zero tolerance" attitude to illicit acts and fraud.

## 4. RESPONSIBILITIES

All managers and teams responsible for the operations and support processes of ACS Group are responsible for implementing this Policy in their area of management, and will coordinate their risk-fighting actions with any other departments and businesses affected, where appropriate.

The Board of Directors relies on the collaboration of the Audit Committee, which supervises and reports on the adequacy of the internal systems for the assessment and control of any relevant risks, in coordination with the Internal Audit and the Management functions of the different divisions of the Group. In this context, the functions and responsibilities of the areas involved in risk management are as follows:

### Board of directors

The Board of Directors is in charge of approving the Group's General Risk Control and Management Policy and for setting the risk appetite at all times. This also includes the management of financial, non-financial and tax risks.

Additionally, the Board of Directors must supervise the Comprehensive Risk Management and Control System, ensuring that the main risks are identified, managed and kept within the planned levels.

### Audit Committee

The Audit Committee provides, *inter alia*, support to the Board of Directors for the purposes of the supervision and periodic evaluation of the Group's Comprehensive Financial and Non-financial Risk Management and Control System, and specifically:

- To ensure that the different types of risks that Group is exposed to are properly identified and evaluated, and that the relevant risk appetite is defined and established.
- To review any measures in place to mitigate the impact of identified risk events and comply with regulatory requirements, to accurately demarcate the consolidation perimeter and to correctly apply any accounting principles.
- To monitor the effectiveness of the risk management systems and, directly, compliance with the internal control and risk management functions exercised by any responsible areas within the Group.

### Management Committee

The Management Committee of the ACS Group defines the basic guidelines and the framework for action and establishes the management, monitoring and reporting mechanisms that ensure that risks are kept within the levels approved by the Board of Directors.

The Management Committee is the highest operational decision-making body, with authority to implement corrective measures in respect of each risk.

### Compliance Committee

The Compliance Committee, a body reporting to the Audit Committee of the Board of Directors, develops, implements and supervises the operation and efficiency of the Compliance Management System handling criminal and bribery risks.

### Corporate Internal Audit

The Corporate Internal Audit Department supports -through the Audit Committee- the Board of Directors in fulfilling its responsibilities relating to supervision and evaluation of the Group's Comprehensive Risk Control and Management System, as well as reporting alerts, recommendations and conclusions to the Audit Committee, Group Management, the head of business areas and the companies assessed.

### Corporate Senior Management

The Corporate Senior 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 faced by the different divisions and businesses and, specifically:

- Assumes management of the so-called "corporate" risks.
- Ensures the efficient operation of the Comprehensive Risk Control and Management System and, in particular, that all significant risks faced by the Group are properly identified, managed and quantified.
- Actively participates in the development of the risk strategy and in important decisions about risk management.
- Ensures that the Comprehensive Risk Management and Control System adequately mitigates risks within the framework of this policy.

### ACS Group companies and their risk support functions

The ACS Group, as a result of the diversity of its businesses and its high level of operational decentralization, has entrusted the heads of each division and company with the task of developing the control and risk management systems appropriate to each business and the necessary regulations to ensure its implementation and operation. Thus, they:

- Develop internal regulations based on the peculiarities of their activity, and implement appropriate internal controls.
- Manage the reporting systems that allow the preparation of a risk map and the supervision and assessment of the risks to which each business area is exposed.
- Prepare management reports for decision-making after monitoring any relevant indicators.

In order to carry out their functions, risk support departments periodically assess and verify the effectiveness of the implementation of the risk management policy and systems.

## **5. GENERAL RISK CONTROL AND MANAGEMENT POLICY**

The General Risk Control and Management Policy and its basic principles are embodied into a Comprehensive Risk Control and Management System supported by all bodies in the aforementioned governance model on the basis of an adequate definition and assignment of functions and responsibilities. at different levels, and support procedures, methodologies and tools appropriate to the different stages and activities of the system.

## 5.1 Identification of risks

The ACS Group' risk methodology provides for the identification of significant risks to which the Group may be exposed.

At least once a year, the classification of risks is updated in order to confirm those that are still significant, remove those that no longer apply and include emerging risks. This update will be carried out following the categories of financial and non-financial risks the Group is exposed to (including contingent liabilities and other off-balance sheet risks), considering the following classification:

- Strategic risks: These risks are associated with long-term key objectives of the Businesses and the ACS Group, and may derive from the Group's own actions, from the actions of other key market participants (clients, competitors, regulators, investors, etc.), from changes in the competitive environment or in the business model itself.
- Operational risks: These risks are associated with the activities carried out by the Group, including all risks related to processes and operations.
- Technological risks: These risks are associated with the technologies and systems used by the Businesses and the ACS Group, in circumstances where the Group cannot efficiently and effectively cope with current and future needs or possible cyber-attacks.
- Legal, criminal and anti-bribery risks: Risks derived 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 derived from non-compliance with criminal and anti-bribery regulations that result in liability for the ACS Group and possibly legal actions, sanctions, fines or the partial or total stoppage of the activities of the Group.
- Social risks: Risks related to the social rights of employees and people related to the ACS Business or Group, as well as the socioeconomic environment in which it operates.
- Environmental risks: Risks related to potential environmental impacts, including climate change, that could cause damage to the broader community, the environment and the Group, loss of competitiveness, or result in the need to pay any amounts or compensations or bring any works, services or projects in progress to a stop.
- Political risks: Risks related to political changes that may affect legal certainty and the legal framework applicable to the business of the Group.



- Reputational risks: Risks related to the deterioration of the image and perception of the ACS Group that may derive from any behavior by its members below the expectations of the stakeholders, from the actions of third parties related to the Group or from other circumstances foreign to the Group.
- Corruption-related risks: Risks related to the obtaining by the Organization of an undue advantage of any value (either of a financial or non-financial nature), directly or indirectly in violation of the applicable regulations.
- Financial risks: Risks related to the economic-financial management of the Businesses and the ACS Group, the variability of the financial parameters to which the Group is exposed, and related to the processes for reporting financial information.

The identification and review of risks is carried out from a double perspective:

**Top-Down Approach:** Senior Corporate Management identifies the risks by considering the Group as a whole.

**Bottom-Up Approach:** Those responsible for the Businesses identify their own risks that affect their respective units.

Therefore, the risk control and management systems assume the decentralized model characteristic of the Group that allows each business unit to apply their own risk control and evaluation policies under certain basic principles. The 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 characteristics and expected profitability, and which are to be considered from the start of the operations.
- Establishment of identification, approval, analysis, control and reporting procedures for the different risks for each business area.
- Coordination and communication so that the risk policies and procedures for the risks of the areas of business activity are consistent with the Group's global risk policy.

Corporate Senior Management is in charge of aggregating all the risks identified, as well as those identified by those responsible for each Business in order to standardize the identification, classification, evaluation, management and tracking of the risks faced by all divisions.

## 5.2 Risk assessment criteria

All identified risks are classified into different groups depending on whether their impact and probability is high, medium or low:

- **Impact**, meaning the economic, operational and reputational damage to the activity of the Group, taking into account any control measures implemented in the Group: high, medium or low.

- **Probability** that the risk materializes in a certain event, taking into account the control measures implemented in the Group: high, medium or low.

Once the risks have been identified, their impact and probability has been evaluated taking into account the controls implemented and the Group's management level, and the indicators for their measurement have been defined, the Risk Map of the Group is drawn up.

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

### 5.3 Level of risk that the Group considers acceptable.

The Board of Directors of ACS is aware of the importance of effective control and management of the risks that affect the delivery of its objectives, and for this reason it is not risk averse.

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 different activities with a universal vocation; diversified by geographical areas, types of assets, portfolios and clients; with a high 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.

### 5.4 Responses to risk

Upon an evaluation of the relevant risk, the best response to each of them is defined, based on the activity and characteristics of each risk. Such responses may be:

- **Mitigation:** Actions aimed at reducing the impact or probability of occurrence of the risk to an acceptable level for the organization are designed and implemented.
- A decision is made not to carry out any action in respect of the risk in question, accepting its consequences and its probability of occurrence.
- **Sharing/transferring the risk:** Actions are carried out aimed at sharing/transferring part of the risk with/to third parties, i.e., taking out insurance, searching for partners, outsourcing processes, etc.
- **Avoidance:** A decision is made to cancel the activity that originated the risk so that any risk associated with such activity disappears.

As a general rule, all risks that are identified to fall within group 1 (high-high), 2 (high-medium) and 4 (medium-high) are examined by the Group's Management Committee. Additionally, both the Executive Committee and the Board of Directors review the information reported, either monthly or quarterly as the case may be, on the basis of the different quantitative indicators in order to analyze the situation of the risks to which the Group is exposed.

A series of relevant measurements are established basically related to solvency, liquidity and recurrence of results which, depending on the circumstances of each case, determine the way the risk will be managed by the Group and allow the desired objective to be achieved. The analysis of these elements is performed both in a timely and on a prospective manner by preparing case scenarios to identify potential risks and develop corrective actions as far in advance as possible.

### **5.5 Information and internal control systems**

The Board of Directors considers that for an adequate Management and Control of Risks, it is essential to maintain the maximum level of transparency in the information provided, both inside and outside the organization.

In this regard, all staff must take into account that the information provided regarding Risk Control and Management must:

- Be complete, so that all relevant information is transmitted for proper risk control and management purposes.
- Be correct and truthful, so that it contains no errors.
- create value, by encouraging the development of a culture of risk control and management.
- Be transmitted in an equitable and symmetric manner, i.e., all recipients should receive the same information in the same time horizon.
- Be transmitted in a timely manner, i.e., once it is known and is relevant for proper risk management and control.

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 such risks.

## **6. STRUCTURE OF THE GROUP'S RISK CONTROL AND MANAGEMENT POLICIES**

The structure of the group's risk control and management policies is based on the processing and communication of economic, financial, non-financial and corporate information, covering, among other matters, those relating to compliance with rules and regulations, social issues, human rights, the environment, sustainability, diversity, anti-corruption, market abuse, defense of competition, cyber-security and corporate governance.

## **7. APPROVAL AND DISSEMINATION**

The Board of Directors and those responsible for the different operational areas or divisions of the Group will adopt the necessary measures for the dissemination, training and compliance with this policy throughout the ACS Group, while assigning the necessary resources.

This General Risk Control and Management Policy was approved by the Board of Directors on December 17, 2020, and entered into force on that date.

## **APPENDIX I Definitions and risk factors**

**Potential occurrence:** Event or event likely to materialize. Any potential occurrence may result in negative, positive consequences or mixed consequences.

**Risk:** Any potential occurrence may adversely affect the successful achievement of the strategic objectives of the organization.

**Opportunity:** Any potential occurrence may positively affect the achievement of the strategic objectives of the organization.

**General Management and Control:** Process determined by the Board of Directors that is designed to identify the risks that may threaten the achievement of the objectives of the Organization, establish the acceptable risk level and the measures to keep risks within the limits considered to be acceptable.

**Risk appetite:** Level of risk or tolerance considered to be acceptable or assumable by the Board of Directors.

**Risk classification scale:** Evaluation method used to determine the magnitude of the identified risks, which provides the basis for determining whether they should be considered to be High, Medium or Low. The scale will be based on 2 variables:

- ✓ Probability of occurrence of the identified risk.
- ✓ Importance of the impact in the event of its occurrence.

**Risk category:** Criteria used for grouping risks according to their nature.

**Risk map:** Graphical representation of the risks ordered according to the assigned valuation in terms of probability of occurrence and importance of impact.

**Control:** Any action and/or measures implemented to prevent or detect a risk and, therefore, increase the probability that the established objectives and goals will be achieved. A control action and/or measure can be classified as:

- ✓ **Good:** it provides a level of high certainty that the established objectives will be achieved.
- ✓ **Sufficient:** it provides a reasonable assurance that the established objectives will be achieved.
- ✓ **Insufficient:** it fails to provide a level an acceptable level of certainty that the established objectives will be achieved.