

RISKS RELATED TO NON FINANCIAL STATEMENT

In regard to risk management, the ACS Group performs 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, and the Integrated Risk Control and Management System.

From the point of view of continuous improvement, the ACS Group has a General Risk Map that is updated on a regular basis and that is established as a fundamental tool of its Integral Risk Management and Control System. Its latest version of which was approved last December 2022.

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. The Corporate Unit is responsible for determining the basic guidelines to unify the operating criteria in each of the divisions to guarantee an adequate level of internal control. The Group's companies and divisions are

responsible for developing the necessary and appropriate internal regulations so that, based on the particularities of their activity, they implement internal control to ensure its optimum level.

The Board of the Parent Company of the Group has established a framework of appropriate policies and controls to prevent corruption and other irregular practices, and to identify, assess, manage and control the risks, both financial and non-financial, and 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 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.



In relation to non-financial risks, according to the Group's general risk map, the main risks that were detected that they may pose to the execution of the activity of the company:

Natural catastrophes and pandemics refers to the risks related to the impact on operations arising from pandemics or other health crises 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 achieving '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 perform 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 labour relations, and could pose a risk in meeting objectives, developing people and in the work environment.

Purchasing and sub-contracting processes: the contracting of external services has associated risks arising from 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, and 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, and 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.

Environment and circular economy: the inappropriate use or lack of use of the natural resources necessary for the development of activities that does not contribute to a circular economy model can trigger their scarcity and exhaustion and generate a negative impact on protected areas or high ecological value, and the performance of activities in areas already affected, may entail a limitation of resources and opposition from local communities.

Climate change and energy efficiency: the occurrence of natural disasters or other events arising from climate change, and the failure to comply with new regulations and environmental and energy efficiency regulations can impact the Group's activities and their cost.



ENVIRONMENTAL RISK MANAGEMENT

The functions attributed to the Audit Committee of the Group's Board include the review, monitoring and assessment of the Group's Sustainability Policy, and the supervision of the Group's Environmental Policy.

Secondly, the responsibility of overseeing environmental performance and performing 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 and the materiality analysis, both updated in 2022, 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.

In 2022, to strengthen its environmental commitment, the ACS Group included for the first time the risks associated with the Environmental Due Diligence as a cross-cutting management element within its corporate governance model and the Global Compliance Management System.

The table below shows the results obtained from this prioritisation of potential risks to perform the activity related to the environment, and the management measures adopted by the ACS Group:

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Climate change: transition to a low-carbon business model	<p>Companies face the need to design appropriate strategies to address climate change. While most companies focus on the risks associated with climate change, some seek to identify and take advantage of the business opportunities associated with this global challenge. The ACS risk map identifies the specific risks related to climate change (physical and transition risks) based on the relevance they may have for the development of the company's activity.</p> <p>Related risk Climate change and energy efficiency Risks</p> <ul style="list-style-type: none"> • Increase in cost overruns • Reputation risks • Regulatory restrictions and sanctions 	<p>The Environmental Plan and the Group's Sustainability Master Plan define the commitments and objectives for emissions reduction and use of resources. ACS' Board has overall responsibility for the climate change strategy through the Audit Committee, which is responsible for monitoring the ACS Group's sustainability policy.</p> <p>In 2021, the Company set targets linked to the variable remuneration of the Executive Directors in relation to performance on climate change.</p> <p>Each company is responsible for keeping an inventory of emissions, identifying main sources and developing initiatives to reduce them.</p> <p>The Group offers its customers construction products and services that help to promote the transition to a low carbon economy.</p>	<p>Decrease in emissions reaches 1 + scope 2 of a 28.7% with respect to the Sustainability Master Plan baseline year (2019)</p> <p>Increase in the calculation and reporting of scope 3 emissions, including in all areas emissions related to the consumption of construction materials, waste, travel and other emissions arising from the value chain.</p> <p>Development of business opportunities such as Green Building projects</p> <p>In 2022, the Group continued with the evolution of its reporting model to communicate information on risks and opportunities related to climate change following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and the implementation of measures and initiatives to achieve the targets set in the 2025 ACS Group's Sustainability Master Plan for climate change mitigation.</p>	<ul style="list-style-type: none"> • The ACS Group's Sustainability Policy • The ACS Group's Code of Conduct • Code of Conduct for Business Partners • Human Rights Policy • Environmental policy • Risk Control Policy
Circularity in the procurement of construction materials and in waste management	<p>The incorporation of the concept of circularity into the production model makes it possible to reduce the intensive use of natural resources and the high pressure on the environment. Likewise, the optimisation of resources increases operational and financial efficiency, in addition to reducing the waste generated</p> <p>Related risk Map of risks Environment and circular economy Risks</p> <ul style="list-style-type: none"> • Failure to comply with the ACS environment policy • Reputation risks • Statutory breach • Inefficient use of raw materials or conflict minerals • Increase in production costs 	<p>The Environmental Policy and the Group's Director Sustainability Plan establish the commitments to encourage the use of recycled construction materials, their durability and efficient waste management.</p> <p>The promotion of promote life cycle analysis in infrastructure and building projects was included within the Sustainability Master Plan. More 200 projects underwent this analysis in 2022. Maintaining a waste rate for recycling in excess of 80%, and measures to encourage the use of recycled materials were also established.</p>	<p>ACS Group companies participate in various R & D projects related to the durability and efficiency in the use of construction resources and materials.</p> <p>Waste rate (hazardous + non-hazardous) destined for recovery in 2022: 83.2%</p> <p>Number of projects in which a life cycle analysis was performed: 69</p>	<ul style="list-style-type: none"> • Environmental Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Environmental management	<p>Companies have a dual relationship of reliance and impact on the natural environment. Therefore, the mitigation of impacts on biodiversity and natural resources is indispensable during the development of the Group's projects and operations, establishing an assessment of ecosystem services that affect the company.</p> <p>The conservation and protection of biodiversity has become one of the main environmental challenges faced by companies. The natural environment is one of the main allies in the fight against climate change, in addition to being a support for the economy, providing the natural resources on which the company's activity is based:</p> <p>Associated risks Risk Map Risks of fines and sanctions, reputational risks, and Biodiversity risk.</p> <p>Risks</p> <ul style="list-style-type: none"> • Loss of ecosystem services • Reduction in economic growth • Statutory breach • Litigation and environmental sanctions 	<ul style="list-style-type: none"> • 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. • Carry out all activities of the ACS Group under environmental legislation. 	<p>In 2022, 89.6% of ACS Group operations were certified under ISO 14001. The environmental management systems are verified by an external third party in companies representing a 94.62 % the Group's turnover and, in 2022, 877 environmental audits. In 2022 there was one significant infringement of environmental legislation and regulations, fined with EUR 15,000, which is understood as non-compliance that entails a fine greater than EUR 10,000. According to Note 37 on Information on the Environment of the Annual Accounts of the ACS Group, ACS Group companies incurred environmental expenses in 2022 totalling 14,840 thousand euros (6,493 thousand euros in 2021), 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 2022. The Group companies manage environmental risk coverage through different systems depending on their activity and geographic area and using their own environmental management systems.</p>	<ul style="list-style-type: none"> • Environmental Policy. • Sustainability Policy. • Risk Control Policy.
Sustainable and resilient infrastructure	<p>The risks arising from climate change, the scarcity of natural resources and the state and social context of the territory increase the demand for sustainable infrastructure. Since a significant percentage of GHG emissions come from buildings, developing more energy-efficient infrastructure contributes to climate change mitigation.</p> <p>The design and execution of resilient infrastructure, in addition to granting recognition and leadership, make it possible to provide safer services that better withstand extreme weather events and mitigate the effects of natural threats on society and its economy.</p> <p>Related risk Map of risks Loss of market competitiveness and innovation capacity</p> <p>Risks</p> <ul style="list-style-type: none"> • Loss of competitiveness • Physical risks arising from climate change • Reputational damage • Loss of profitability 	<ul style="list-style-type: none"> • 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, and 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, and their reuse and use. • Develop biodiversity policies and environmental studies to minimise impacts on the business areas. 	<ul style="list-style-type: none"> • Development of Green Building projects: 1,148 cumulative projects by HOCHTIEF and 47 underway in 2022 by Dragados • Sales of sustainability-certified projects in 2022: EUR 12,935 mn € 	<ul style="list-style-type: none"> • Environmental Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.

RISK MANAGEMENT IN HR MATTERS

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, 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
Fair remuneration and quality employment	<p>The creation of stable, dignified and fairly paid employment is a key aspect to be taken into account in the management of the Company's risks. It can lead to a loss of productivity, competition and business profitability by generating a negative working environment and dissatisfaction among employees. On the other hand, providing quality employment increases employee satisfaction and the sense of belonging.</p> <p>Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Attracting and retaining talent and Employment relationships. The main risks associated with this material issue of the group's risk management system are:</p> <ul style="list-style-type: none"> • Loss of talent and key profiles • High rate of employee turnover and absenteeism, and therefore inefficiency in human resources • Reduction of feeling of belonging 	<ul style="list-style-type: none"> • The 2025 Sustainability Master Plan includes the commitment to be a leading group in the development of specialised and diverse talent, ensuring equal opportunities and best work practices. • 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. 	<p>Indicators presented in Chapter 5.2. of 2022 Integrated Annual Report. Such as Remuneration, type of employment contract and distribution in the workforce. Measures for social dialogue, organisation, flexibility and work-life balance.</p>	<ul style="list-style-type: none"> • Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.
Equality, diversity and non-discrimination	<p>Ensuring equal and fair treatment of employees who are part of the Group is not only due to regulatory requirements but also to an increasing demand from stakeholders. Ensuring the prevalence of these principles in people management programmes ensures a greater ability to attract and retain talent and improve their productivity.</p> <p>Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Attracting and retaining talent and Employment relationships. The main risks associated with this material issue of the group's risk management system are:</p> <ul style="list-style-type: none"> • Loss of key profiles for the organisation • Reduction in economic growth • Reputation risks 	<p>The 2025 Sustainability Master Plan includes the commitment of being a leading Group in the development of specialised and diverse talent, through:</p> <ul style="list-style-type: none"> • Setting up a diverse team by increasing the presence of women in positions of responsibility • Being a leader in the integration of vulnerable groups • Ensuring equal opportunities and best labour practices • Within this common framework, each company prepares its own initiatives in accordance with its specific needs, 	<p>Indicators presented in Chapter 5.2. of 2022 Integrated Annual Report, such as: Remuneration, type of employment contract and distribution in the workforce. 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.</p>	<ul style="list-style-type: none"> • Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.
Attracting talent and professional development	<p>The complexity of the sectors in which ACS Group companies operate makes it necessary to identify key profiles and launch attraction and talent development plans that respond to the new needs of the company. Socio-economic changes and the increased complexity of projects require more training for employees. Therefore, professional skills must be defined for sound business management and supported by programmes that allow them to be developed.</p> <p>Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Attracting and retaining talent.</p> <p>The main risks associated with this material issue of the group's risk management system are:</p> <ul style="list-style-type: none"> • Loss of competition in the market • High employee turnover • Loss of talent 	<ul style="list-style-type: none"> • The Sustainability Master Plan 2025 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 design training and professional and personal development programmes, and assess their impact on participants. 	<p>Indicators presented throughout chapter 5.2 of 2022 Integrated Annual Report, such as:</p> <ul style="list-style-type: none"> - Strategies for attracting, developing and retaining talent - Training hours, investment in training, employees trained. 	<ul style="list-style-type: none"> • Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.

MANAGEMENT OF RISKS RELATED TO HEALTH AND SAFETY

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 that pertaining to the Occupational Health and Safety Policy.

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 the

Occupational Health and Safety Policy 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, 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
Occupational health and safety in employees and contractors	<p>Ensuring occupational safety and health among employees and contractors is a key aspect in the sector. Occupational accident rates in the infrastructure sector are higher than in other sectors, negatively affecting the perception of stakeholders. Therefore, the ACS Group manages the risks and promotes a safe and healthy working culture and environment through action plans, which establish prevention and monitoring measures with specific targets.</p> <p>Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Health and Safety and Occupational risks. The main risks associated with this material issue of the group's risk management system are:</p> <ul style="list-style-type: none"> • High accident and occupational disease rates • Loss of employee productivity • Reputation risks 	<ul style="list-style-type: none"> • In the 2025 Sustainability Master Plan, one of the strategic lines is to prioritise the safety and occupational health of employees and contractors. The Sustainability Master Plan has specific commitments focusing on extending the certification of occupational health and safety management systems to international standards, reducing the rate of accident rates for own employees Safety and Health. 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. • There is a Occupational Health and Safety Policy in the ACS Group that is common to both Group employees and contractors. This policy establishes the basic principles of common action for all ACS Group companies. • Most companies have a management system to comply with the action plans approved by senior management. • The Company set occupational health and safety targets linked to the Board's variable remuneration. • The Group collaborates with specialised organisations and participates in congresses on this matter. 	<p>Indicators presented in point 5.3. of 2022 Integrated Annual Report relating to:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Occupational Health and Safety Policy • ACS Sustainability Policy • The ACS Group's Code of Conduct • Code of Conduct for Business Partners • Human Rights Policy • Risk Control Policy

COMPLIANCE RISK MANAGEMENT

The General Risk Control and Management Policy, as a framework rule, affects all the ACS Group Divisions, 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.

In December 2022, the Board approved the update of the ACS Group's General Risk Map. With regard to the ACS Group's compliance risks included in the General Map, it should be noted that they are part of the Group's list of priority risks, within non-financial risks.



To reflect compliance risks in the ACS Group on the overall risk map, the key information handled relates, first,

to the information obtained from the Global Compliance Report in each of the compliance areas analysed in all ACS Group divisions worldwide, as well as the information published (Annual Corporate Governance Report, among others) and domestic regulations. Secondly, interviews were held with the interlocutors appointed by the business managers in the various divisions to see their perception of the risks within the quadrants, in terms of probability and impact, as well as to update the status of the compliance functions and the main actions carried out in the year. Significant improvements were found both at the corporate level and at the subsidiary level. Meetings were held with each and every one of the Group's business divisions. The risk name was also changed from "Regulatory Breach" to "Regulatory/Compliance Breach" to more accurately reflect its nature.

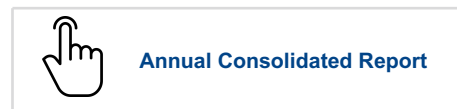
The body responsible for analysing non-conformities or breaches and proposing corrective actions in the different areas of compliance in the parent company is the Compliance Committee. Each division within the ACS Group has its own Compliance Committee and implements its own compliance management model, which is supervised through a medium control monitoring model by the parent's Compliance Committee to respect the high level of decentralisation and autonomy in management by subsidiaries. For the promotion of the adoption of a Compliance management model which can be understood as robust, the ACS parent has a double control system as explained in point 5.4.2. of 2022 Integrated Annual Report.

Furthermore, as specified in section 25 of the Board Regulation, the Audit Committee has been attributed the following functions relating to the supervision of risk management and control:

- a. Supervising and assessing the effectiveness of 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 risk management systems.
- b. Reassessing, at least on an annual basis, the list of most significant financial and non-financial risks and assessing their level of tolerance, proposing, where appropriate, their adjustment to the Board. To this end, the Committee will hold at least annually a meeting with senior executives of business units explaining business trends and associated risks.
- c. Directly overseeing the performance of the internal control and risk management functions carried out by any unit or Department of the Company.

All this without prejudice to the mandatory information to be sent to the markets through the Annual Consolidated Report, the Non-Financial Reporting State (EINF) and the Annual Corporate Governance Report (sections E and F).

During the year, the Compliance Committee carried out actions to improve the management and control of the main compliance risks, reporting to the Audit Committee on compliance with the established response and monitoring plans.



Furthermore, in the course of its activities, the ACS Group is subject to contingent liabilities of various types that 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. All information about them can be found in Note 36.02 to the consolidated financial statements.

RISK MANAGEMENT IN ISSUES RELATING TO THE SUPPLY CHAIN

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

potential improper practices of the suppliers of a company pose a potential risk that, if materialised, may hinder its 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 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, the Occupational Health and Safety Policy, and the Corporate Protocol on Human Rights Due Diligence or the Criminal Compliance and Anti-Bribery Policy, 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 management of the supply chain.	<p>The management systems responsible for suppliers and contractors allow for the mitigation of the potential risks associated with the supply chain, improving processes and working conditions, and creating opportunities and lasting relationships of trust. Otherwise, the failure to implement a responsible management system might pose significant legal and operational risks for the Group.</p> <p>Associated risk Risk Map: Purchases/Subcontracting</p> <p>The main risks associated with this material issue of the group's risk management system are:</p> <ul style="list-style-type: none"> • Increase in costs associated with activities. • Loss of market share. • Loss of license to operate. 	<p>It is essential to ensure that the Company's suppliers and contractors meet their commitments and expectations through awareness-raising through established ethical and environmental principles. This management must be carried out through the dissemination and application of environmental, social and governance (ESG) criteria in business relationships with third parties. The ACS Group therefore has</p> <ul style="list-style-type: none"> • Supplier approval and selection systems • Code of conduct for business partners and application of other internal Group policies and regulations. • Supply chain impact management • Training of suppliers • Due diligence (financial and non-financial) in the supply chain • Inclusion of ESG criteria in supply chain management • ESG clauses to suppliers 	<p>Of the 77,851 suppliers and contractors with which the ACS Group worked during 2022, 80.1 % of suppliers accepted by signing or have a procedure similar to the Code of Conduct for Business Partners of the ACS Group.</p> <p>In the 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 36.4% in 2022.</p> <p>In 2022, 61,169 suppliers had been assessed at least once in the last three years, representing 78.6% of the total suppliers.</p>	<ul style="list-style-type: none"> • Code of Conduct Business Partners • Risk Control Policy • Human Rights Policy • Corporate Protocol on Due Diligence in regard to Human Rights • Sustainability Policy • Environmental policy • Occupational Health and Safety Policy

EMERGING RISK MANAGEMENT

The most significant emerging risks identified by the ACS Group are detailed below. Some of them currently materialised, but it is considered that their impact on the development of the Group's activities will be significantly extended over the long term (> 5 years).

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATION ACTIONS
Deglobalisation/ geopolitical conflicts: Disruption of the supply chain and shortage of construction materials	<p>Tensions in global supply chains have worsened in recent months, due to the current geopolitical situation and the increasing risks of continued conflicts in other regions of the world and the subsequent economic and energy crisis, which could be expected to have a significant impact on raw material supplies that will be exacerbated by the current deglobalisation process.</p> <p>The construction sector is very exposed to the difficulty of sourcing construction materials. This, together with the increase in raw material costs, the price of energy, the effects of climate change and the increase in preferences and demands of stakeholders, poses an increasingly significant risk in the market.</p> <p>Inadequate use or waste of the natural resources necessary to carry out activities that do not contribute to a circular economy model can lead to scarcity and depletion of resources. Lastly, high demand and a future requirement for the use of specific materials with sustainable characteristics are expected, and it is therefore expected that the Group will again face supply risks from this type of materials in the coming years</p>	<p>The disruption of the supply chain and the scarcity of construction materials directly affect the development of ACS activities around the world, which may involve delays in the development of projects, breaches of customer demands, failure to comply with the ACS Environmental Policy, as well as reputational risks, non-compliance with regulations and increased production costs.</p>	<p>The incorporation of circular concepts into the production model makes it possible to reduce the intensive use of natural resources and the high pressure on the environment., as well as ACS dependencies.</p> <p>Resource optimisation also increases operational and financial efficiency, in addition to reducing the waste generated.</p> <p>In addition, the Environmental Policy and the Group's Sustainability Master Plan define the commitments to encourage the use of recycled construction materials, their durability and efficient waste management.</p> <p>The objectives of the Sustainability Master Plan included:</p> <ul style="list-style-type: none"> • Promoting life cycle analysis in infrastructure and building projects, exceeding 200 analysed projects by 2025. • Maintaining a waste recycling rate in excess of 80%. • ACS Group companies participate in various R&D projects related to durability and efficiency in the use of construction resources and materials.

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATION ACTIONS
Climate Change: Transition to a low-carbon business model	<p>Companies face the need to design appropriate strategies to address climate change. While most companies focus on the risks associated with climate change, some seek to identify and take advantage of the business opportunities associated with this global challenge.</p> <p>ACS is a global company that carries out its activities in the US, Australia, Canada, Germany and Spain. All of these countries are subject to several risks related to the consequences of climate change, such as changes in rain and wind patterns and the increase in average temperatures, which will lead to thermal stress and rising sea levels.</p> <p>These risks will play a key role in the conduct of ACS activities, limiting resource needs and the availability and quality of the surface to operate and maintain future projects.</p>	<p>Both physical and transition risks will affect ACS. 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.</p> <p>Furthermore, transition risks have a direct impact on the energy use model and on the prices of fossil fuels and raw materials.</p> <p>The ACS risk map identifies the specific risks that may be most emerging as they relate to the long-term climate change risks identified:</p> <ul style="list-style-type: none"> • Reputational breach caused by climate change (reputational) • Increase in borrowing costs (market) • Increase in prices or decrease in insurance coverage (market) • Increase in the cost of raw materials (market) 	<p>The Environmental Plan and the Group's Sustainability Master Plan define the commitment and objectives for the improvement of eco-efficiency and use of resources.</p> <p>The ACS Board 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 has set targets linked to the variable remuneration of the Executive Directors in relation to climate change performance.</p> <p>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 promote the transition to a low-carbon economy (for example: development of business opportunities as Green Building projects).</p> <p>In 2022, the Group continued with the evolution of its reporting model to communicate information on risks and opportunities related to climate change in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), recognised in the ACS 2025 Group's Sustainability Master Plan, which sets out the commitments, strategic lines and targets for climate change mitigation of the Group.</p>
Shortage in water availability	<p>Water is a key resource for construction and social well-being. Overexploitation and mismanagement of water resources could lead to water stress and shortages. Tendencies in water scarcity observed across Europe, North America and Asia where ACS Group operates could result in a decrease in water availability, both quantity and quality.</p>	<ul style="list-style-type: none"> • Delays in construction projects due to limited availability of water • Decrease of construction projects demand derived from increased water and operational costs • Construction sector reputational damage 	<p>Key mitigation measures are described in ACS Group's Environmental Policy and Sustainability Master Plan and they included, among others:</p> <ul style="list-style-type: none"> • Consider and evaluate the main risks and impacts with regard to the use of water resources. • Identify business opportunities to contribute to efficient use of water resources, reduce water stress and reduce effluent emissions. • Promote water consumption reduction initiatives and procedures for water recycling/reuse • Monitor water extracted from areas of water stress in order to minimize its proportion • Establish a methodology for calculating the water footprint

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATION ACTIONS
Biodiversity loss and deterioration of ecosystems	<p>Biodiversity contributes value to the economy and society by provisioning natural resources and capital and ecosystem services. The decrease in biodiversity and degradation of ecosystems may result in physical, transitional, legal and regulatory and systematic risks for companies.</p> <p>The construction industry may be exposed to biodiversity transition risks as their business activities affect the ecosystem and are thus a potential target for future regulations.</p>	<ul style="list-style-type: none"> • New policies aimed and regulatory developments at protecting biodiversity, encompass increased compliance efforts • Changing consumer preferences and increased focus of regulators could negatively affect construction's sector order intake • Reputational risks on construction activities 	<ul style="list-style-type: none"> • Key mitigation measures are described in ACS Group's Environmental Policy and Sustainability Master Plan . • In cooperation with clients, public administration and other external stakeholders, the ACS Group promotes the implementation of measures to identify and minimise impact on biodiversity. Such measures could include, among others, physical protection, transplanting or relocation, respect for the life cycles of the plant and animal species affected, as well as, compensation for the impacts generated by activities on biodiversity and forest mass through restoration, recovery and reforestation actions.
Erosion of social cohesion	<p>Increasing social differences, fragmentation and polarization due to the significant differences between the political parties and polarizing media coverage of recent events lead to higher social tensions.</p> <p>Increasing dissatisfaction could foster extreme political movements, it could also imply potential risk of discrimination or harassment actions against some groups of employees and it could potentially drives migration of qualified workforce affecting workforce availability.</p>	<ul style="list-style-type: none"> • Increase potential risk of discrimination or harassment actions against specific group of employees. • Increased migration of workers results in lack of skilled workforce • Reputational risks 	<ul style="list-style-type: none"> • Spreading of Code of Conduct of the ACS Group and other policies of the Group, such as Diversity Policy or Human Rights Policy, in order to increase employees and supply chain awareness in areas related to diversity and non discrimination. • Strengthening Policy on Operation of the Ethical Channel in order to ensure channel of communication with employees and stakeholders to detect , prevent and mitigate breaches against the Code of Conduct of ACS Group. • Proactive development of actions when potential high-risk situations are detected. These actions could include specific training courses or initiatives to promote diversity and prevent discrimination against specific groups of employees. • Increase the scope of training of own employees in order to promote professional development and retention of talent.