

#### 4.0.2. 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 to the General Risk Management and Control Policy, as well as the Comprehensive Risk Management and Control System.

In 2023, the ACS Group added the figure of the Chief Risk Officer, who reports to the Chief Executive Officer and the Audit Committee. An upcoming coming update of the Group's Risk Management and Control Policy will include this position and define its duties. Adding the Chief Risk Officer is part of the Group's strategy of continuously improving the efficiency of its risk management, which it sees as one of the fundamental pillars for ensuring sustainable growth.

From this point of view of continuous improvement, the ACS Group has a General Risk Map that is the responsibility of the Risk Director 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 was approved in December 2023.

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 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 controls to ensure its optimum level.

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 Consolidated 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.



**2.7. Efficient risk management**



**6.2. Identification of material aspects**



SNOWDONIA NATIONAL PARK, WALES - © HOCHTIEF

In relation to non-financial risks, according to the Group's general risk map, the main potential risks that have been identified in relation to the issues dealt with in this Non-Financial Statement that could have an impact on the progress of the Group's activity if they materialize are as follows:

**Natural disasters and pandemics:** this refers to the potential risks related to the negative impacts on the Group's strategic plan that could be caused by extraordinary natural phenomena or pandemics, in addition to or outside the short-term operational impact (such as COVID-19).

**Health and safety risks and occupational risk prevention:** these are potential risks of incidents or accidents that could affect the health and safety of employees (internal employees and those of subcontractors) and that could entail negative social impacts, indemnities and compensation, as well as the possible stoppage of operations, although the Group works towards the goal of zero accidents.

**Labor relations:** risks that might arise from inadequate management of key aspects in human resources, such as collective bargaining, remuneration models, resource planning, absenteeism, training and labor disputes, which could have a negative impact on meeting business objectives.

**Attracting and retaining talent:** risks that could derive from not having skilled human resources with the necessary training to perform the Group's activities, including hiring suitable personnel, and training and professional development to successfully complete the business project.

**Ineffective internal communication:** this refers to the risks that may occur due to management failing to communicate with the teams, which could negatively affect human resource management and labor relations, and could pose a risk in meeting objectives, developing people and in the work environment.

**Procurement/subcontracting:** outsourcing services may entail potential risks related to the unavailability of suitable companies or professionals, inadequate selection or the company's lack of financial or technical capacity to meet its obligations, which may lead to delays, cost overruns or quality failures.

**Impact on the economic-social environment:** potential risks that, if they materialize, could have a negative impact on the economic and social environment as a consequence of the Group's activity: local communities and responsible supply chain, among others.

**Customer relations:** this refers to risks that may arise due to inadequate management of customer relationships that may produce different negative impacts on revenues and/or business reputation, or as a consequence of market conditions beyond the control of the ACS Group.

**Human rights violations:** the potential risks arising from a failure to comply with the ACS Group's business commitment to the UN Global Compact on Human Rights and Labor, and the legislation in force in the countries in which the Group operates.

**Management and Transparency in reporting relevant financial and non-financial information to stakeholders:** potential risks arising from the reliability and integrity of the financial and non-financial information presented internally and externally and used in decision-making as required under the articles of association or under similar requirements. Inadequate communication of that information to the ACS Group's main stakeholders (such as investors, shareholders and proxy advisors).

**Information security and cyber-attacks:** risks due to the existence of cyber-threats that, if they materialize, could result in losing tenders, prolonged halting of operations, unauthorized access, and leaks of information and data.

**Environment and circular economy:** potential risks due to inadequate use or lack of use of the natural resources necessary for carrying out activities that may lead to scarcity and depletion of these resources, not contributing to the circular economy model.

**Climate change and energy efficiency:** these risks refer to the possibility of natural disasters or other events occurring due to climate change, which if they materialize, could impact the Group's activities, and entail violations of new environmental and energy efficiency rules and regulations. This heading also includes potential risks arising from negative impacts being generated in protected areas or areas of high ecological value, as well as performing activities in already affected areas, with the consequent limitation of resources.

**Loss of competitiveness in the Market and Innovation Capacity:** potential risks due to difficulty developing competitive offers with profitability appropriate to the risk of the activity, as a result of the maturity of the markets and the incorporation of new competitors or due to inadequate investment in R&D+i.

The Risk Map includes all the control activities and other initiatives that are applied both at corporate level and at the level of the different companies that make up the Group to manage these risks correctly, and that aim at reducing the impact or probability the risk occurring to a level that is acceptable for the organization and in accordance with the legal requirements and applicable legislation, as well as the values and rules of conduct reflected in the Group's Code of Conduct and its principles and good practices.

The description of the main non-financial risks, the detection, prevention, management and mitigation measures, and the management indicators and applicable policies, are detailed in each of the corresponding chapters of this Non-Financial Statement. In addition to these risks identified in the risk map, there are a number of emerging risks that, although they currently take place, it is considered that their impact on carrying out the Group's activities will be significantly extended over the long term (> 5 years) and the description, impact and mitigation actions of which are detailed in annex 6.3.3 of this report.

potential opportunities that may arise, are inherent to the very nature of the Group's activities and depend, especially, on their duration and time horizon, as well as the role that ACS plays in them. Thus, considering the Group's three areas of activity: Construction (which includes Hochtief's sub-segments, among which includes the Natural

Resources activity), Concessions and Services, their various characteristics and the Group's strategic and financial planning time horizons, it was concluded that the climate risk assessment time horizons for the ACS Group should be as follows:

Horizon	Year
Short term	< 5 years
Medium term	Up to 15 years
Long term	Up to 30 years
Very long term	For some concessions or in the analysis of long-lived assets

#### 4.1.1.3. Risk management and Opportunities related to climate change

To respond to the need for comprehensive and uniform risk management, the ACS Group has established a model that includes the identification, assessment, classification, measurement, management and follow-up of risks throughout the Group and its operating 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 areas of activity.

Thus, the ACS Group's 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. Likewise, the ACS Group has a General Risk Map which is regularly updated, in which 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.

Therefore, as part of its commitment to continuous improvement, during this year the Group has deepened its analysis and assessment of the most significant risks and the identification of the opportunities of the ACS Group, based on the previous year's report, which made an initial identification and assessment of the most significant risks that may have implications for the company. The following is a summary of the methodology, the identification and the assessment of the main risks and opportunities identified for the ACS Group in relation to climate change. The full analysis was presented to by the ACS Group's Audit Committee at its meeting held on 29 February 2024. The recommendations of the Task Force on Climate-Related Financial Dispositions (TCFD) were followed to report the risks and opportunities related to climate change.

##### Definitions

The physical risks from climate change can be caused by extreme weather or climate events (acute) or longer-term changes in weather patterns (chronic). They have physical consequences on the businesses, such as damage to assets or having to shut down operations, which can result in economic and financial impacts.

The transition risks are those arising from the transition to a low-carbon, climate-resilient economy. They typically include political, legal, technological, market and reputational risks.

The opportunities refer to the potential positive effects related to climate change for the company. Efforts to mitigate and adapt to climate change can create opportunities for companies, as can their potential contributions to society's climate resilience. Opportunities related to climate change vary depending on the region, market and sector in which a company operates.

##### Scenarios and time horizons

As indicated in the Task Force on Climate-Related Financial Disorders (TCFD) recommendations, several climate scenarios and time horizons have been used to assess climate risks and opportunities.

Specifically for physical risks, scenarios SSP2-RCP4.5 and SSP5-RCP8.5 together with the high-resolution CORDEX information from AR5 were considered to assess historical and projected climate impact drivers for the historical (1986-2015), short-term (< 5 years) or medium-term (< 15 years) (2020-2049) and long-term (2036-2065) time horizons. To assess transition risks, the International Energy Agency's Stated Policy Scenarios (STEPS) and Net Zero Emissions for 2050 (NZE) and the time horizons (2022-2035) and (2035-2050) are used.

##### Methodology

A risk assessment methodology commensurate with the potential materiality of the risks and with a sound scientific-technical basis was constructed that adequately explains its scope, horizons, calculation methods, working assumptions, parameters and indicators and possible limitations, as required by the European Financial Reporting Advisory Group (EFRAG). This puts the ACS Group at an advantage in the sector.

The methodology is based on the general risk assessment framework of the IPCC and other international bodies. It is articulated around the ISO14090 and ISO1091 standards and follows the most recent recommendations of the European Commission, the EFRAG and the TCFD, making it possible to quantify the economic and financial impacts or to analyse compliance with the substantial contribution criteria or DNSH of adaptation at the project level.





WALLGROVE BATTERY, AUSTRALIA - © CIMIC

The risk is considered to arise due to factors such as: changes in the intensity and frequency of hazards, both acute and chronic; the characteristics and economic volume of the exposed elements; their sensitivity to the effect of hazards; and the adaptive or coping capacity to manage potential impacts.

The methodology makes it possible to assess risks and opportunities for any time horizon and emission scenario and is based on the best available climate information.

The major advances over the 2022 methodology include increased spatial granularity, enabling analysis at the asset or project level, for any Group activity and in any geographic location. It is also applicable to the supply chain and markets. The risk and its consequences are expressed quantitatively through indicators or through KPIs representative of the economic-financial impacts (changes in CAPEX, OPEX, loss of income, increased insurance costs, etc.).

The methodology also facilitates the application of the DNSH criterion, or identifying and assessing adaptation measures leading to risk reduction for the Group, allowing adaptation plans to be developed and implemented according to the specifications of the Taxonomy. On the other hand, it also makes it possible to identify climate-related risks for customers, which generates opportunities for the ACS Group right from the initial stages of the negotiation.

## Risk management

### Physical risk

In 2023, a quantitative physical risk assessment was carried out, by asset or project type and geolocated for the Group's three areas of activity: Construction (which includes Hochtief's sub-segments, including the Natural Resources activity), Concessions and Services. This is a substantial improvement over last year's assessment. The most relevant information is contained in the "Physical Risk Assessment" table.

With the new methodology, risk assessment allows for the identification of specific projects or taxonomic activities to which a set of assets or operations are associated and that are geolocated in the project location. Using a database with high spatial resolution climate projections provides information on what changes can be expected for different scenarios and time horizons and, in conjunction with each asset's sensitivity, the risk can be assessed. This increase .

in the granularity of the analysis significantly improves the available information on risks.

Given the large number of activities and projects and the extensive geographical scope in which the ACS Group operates, the physical risk assessment was performed on a selected set of proxies that serve to carry out a representative sampling of all the Group's projects. The criteria for their selection and the key characteristics of these projects are summarized in the "Physical Risk Assessment" table. These criteria ensure that the proxies analyzed are representative of large clusters of the Group's projects, making it possible to generalize the conclusions obtained.

Due to the duration, geographical location and type of services provided by Clece, it was assumed that the methodology for the analysis of service and construction projects is equivalent.

In addition, the results of the proxy analysis were cross-checked with two independent studies carried out by Abertis for concessions and Thiess<sup>1</sup> In addition, the results of the proxy analysis were cross-checked with two independent studies carried out by Abertis for concessions and Thiess

An extensive catalogue of the coping and adaptation measures that the different subsidiaries implement in their projects was obtained. This work showed that measures to cope with extreme weather events are an intrinsic part of the activities carried out by the Group's various subsidiaries, and not including them in the risk assessment would lead to overestimating the risk.

Work on building a catalogue of adaptation measures has also begun, which will reduce potential risks in the very long term and generate significant opportunities for the Group.

### Construction and Services

The risk assessment carried out shows that the Group's construction and services activities, with a typical useful life of 3 to 5 years, do not present a material physical risk in

<sup>1</sup> Thiess Group Sustainability Report 2023

the short (<5 years) and medium term (<15 years). It is also not projected in the long term (up to 2050) in construction and services activities for either of the two scenarios considered.

Within this area, the analysis undertaken for the natural resources sub-segment led to major advances in the understanding of the physical risks and identified the current coping capacity measures applied in the extraction and exploitation of natural resources. The Group's current coping capacity includes flood and thunderstorm trigger action response plans, flood management procedures that keep the physical risk at a low level for the scenarios considered.

From the risk assessment for the diversity of activities, projects and geographic locations where the Group's business is conducted, several factors support the absence of material physical risk:

1. Physical risk materializes locally, so that diversification in the type of activity (building, transport infrastructure, electricity transmission systems, services, natural resources, etc.) and geographically, leads to a low concentration of exposure relative to the total volume of the Group's activity, which helps to reduce the risk.
2. The hazard analysis conducted in multiple geographical areas of interest shows that the projections for scenarios RCP4.5 and RCP8.5 do not show significant changes in the short and medium term.

3. The Group's standard practice in its activities and operations includes implementing measures to address climate risk. These measures include transferring risk to customers, specific insurance, contractual clauses covering climate risk, specific health and safety measures, using early warning systems and physical measures against climate impacts. In fact, the preparation of tenders and budgets already includes the necessary measures to prevent climate-related contingencies from causing material impacts for the Group.

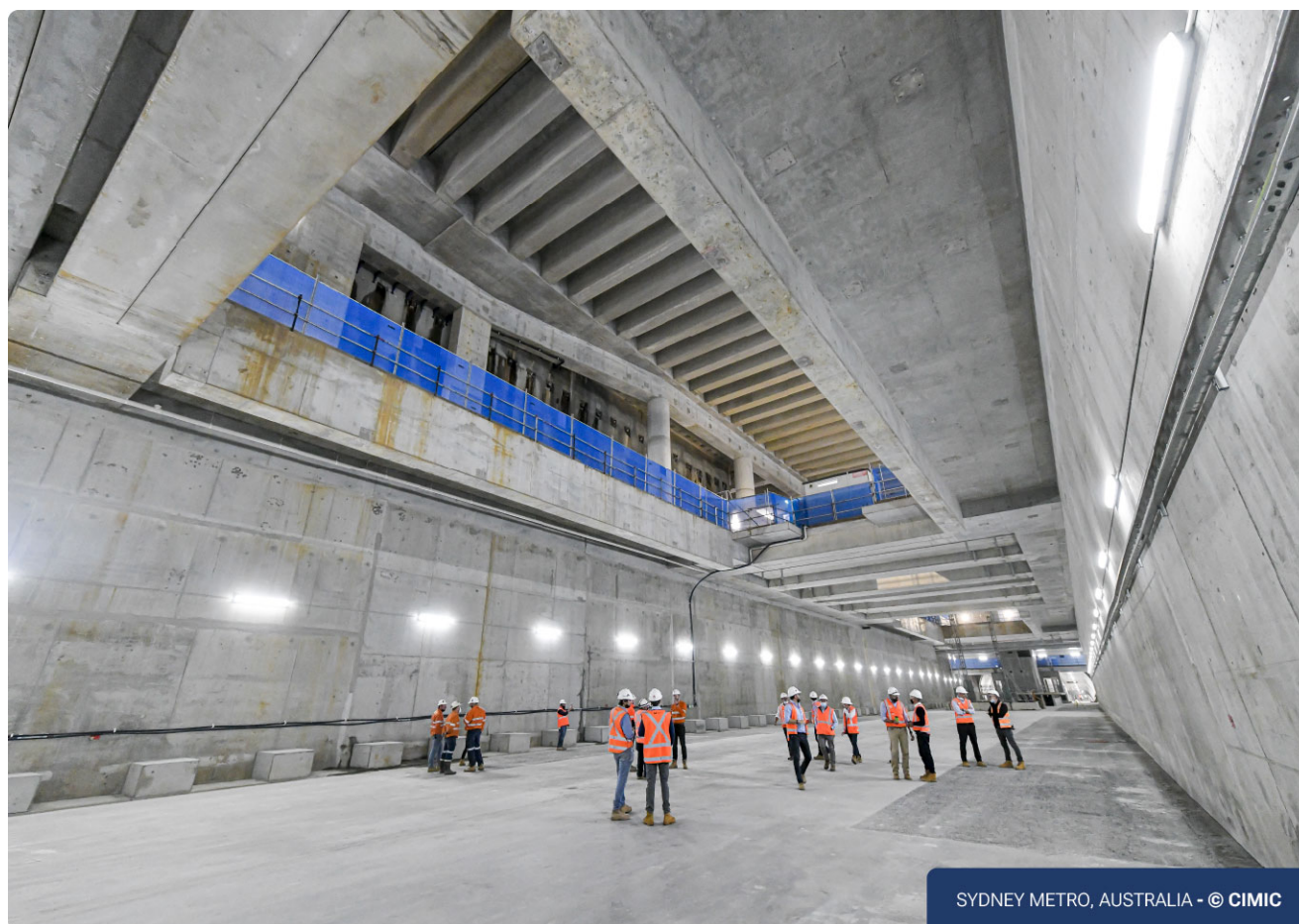
#### Concessions

The above method can also be applied to assess the risks of longer-term activities, such as concessions spanning several decades.

The assessment carried out by the Group on representative long-term concession projects (until 2068) shows low or very low risks for scenarios RCP4.5 and RCP8.5.

Abertis reached an equivalent conclusion through its own independent study

In addition, the Group's decades of experience in implementing procedures to deal with potential climate-related hazards and the technical capabilities developed to anticipate their impacts also lead to the conclusion that the company is equipped with the necessary adaptive capacity to cope with the possible evolution of hazards in the long term.





## Physical Risk Assessment Table

Proxies	Climate hazards	Exposure	Vulnerability = Sensitivity x Coping Capacity	Consequences	Physical risks
<p><b>Representative selection of projects</b> within the framework of the Group's activities (construction, services, concessions and natural resources)</p> <p><b>Criteria:</b></p> <ul style="list-style-type: none"> <li>- Activity.</li> <li>- Geographic area.</li> <li>- Investment volumen.</li> <li>- Subsidiaries.</li> </ul> <p><b>10 projects in 6 countries</b> with different climatic conditions, including:</p> <ul style="list-style-type: none"> <li>- Railroads.</li> <li>- Bridges.</li> <li>- Light rail.</li> <li>- Roads.</li> <li>- Buildings.</li> <li>- Maritime works.</li> <li>- Electricity transmission networks and investments.</li> </ul> <p>Ranging from 220M€ to 3850M CAD\$. Construction, services and concessions.</p> <p><b>47 projects in 7 countries.</b> Natural Resources. (*) Thiess.</p> <p><b>24 projects in 10 countries.</b> Roads and tunnels. (*) Abertis.</p>	<p>Represents <b>risk-inducing climate factors</b> for different time horizons and emission scenarios.</p> <p>Chronic and Acute.</p> <p><b>Related to:</b></p> <ul style="list-style-type: none"> <li>- Temperature.</li> <li>- Wind.</li> <li>- Water.</li> <li>- Solid mass.</li> </ul> <p><b>46 climate indicators</b></p> <p><b>Time horizons:</b></p> <ul style="list-style-type: none"> <li>- (1986-2015).</li> <li>- (2010-2039).</li> <li>- (2020-2049).</li> <li>- (2036-2065).</li> <li>- (2071-2100).</li> </ul> <p><b>Scenarios</b></p> <ul style="list-style-type: none"> <li>- RCP4.5</li> <li>- RCP8.5</li> </ul> <p>Spatial resolution of indicators &lt;100 km.</p> <p><b>2030 and 2050</b> SSP2-4.5 SSP5-8.5 (*) Thiess.</p> <p><b>2030 and 2040</b> RCP4.5 RCP8.5 (*) Abertis.</p>	<p>Represents <b>assets and operations</b> that may be impacted by hazards.</p> <p>It is characterized for each taxonomic activity or by individual project.</p> <p>The exposure is geolocated in each of the taxonomic projects or activities analyzed and is characterized by a set of assets and operations representative of the activity.</p> <p><b>For construction projects, the elements of exposure considered are:</b></p> <ul style="list-style-type: none"> <li>- Workers.</li> <li>- Equipment.</li> <li>- Machinery.</li> <li>- Materials.</li> <li>- Construction Operations.</li> </ul> <p><b>Other factors</b> representative of the exposure are:</p> <ul style="list-style-type: none"> <li>- CAPEX.</li> <li>- OPEX.</li> <li>- Revenues.</li> </ul>	<p>Sensitivity represents the <b>degree to which an exposed item may be affected by a given hazard.</b></p> <p>For all projects and taxonomic activities considered, the individual sensitivity of each asset or operation has been established through expert judgment and review of existing information in the literature.</p> <p>An extensive catalog of the coping and adaptation measures that the different companies implement in their construction projects in the different geographical areas of the Group has been obtained.</p> <ul style="list-style-type: none"> <li>- The transfer of risk to the customer.</li> <li>- Specific insurance.</li> <li>- Contractual climate risk coverage clauses.</li> <li>- Specific health and safety measures.</li> <li>- Use of early warning systems or physical measures.</li> <li>- Against climate impacts, among others.</li> </ul> <p>The preparation of tenders and budgets already contemplates the necessary measures to prevent possible climate-related contingencies from resulting in material impacts for the Group. These aspects are also applicable to service and concession projects.</p>	<p>The consequences of climate impacts were obtained as the <b>product of hazard, exposure and vulnerability.</b></p> <p>Loss of income, increase in OPEX and increase in CAPEX were used as key consequence indicators.</p> <p>For construction and services projects, the consequences have been calculated through a quantitative risk indicator standardized from 0 to 1, which can be materialized in financial consequence indicators if necessary.</p> <p>For concession projects, revenue losses or increase in OPEX and increase in CAPEX due to climate impacts have been calculated.</p> <p>In some cases, the impact on insurance costs has also been considered.</p>	<p>It is the result of the <b>physical impact on assets and operations</b> of changes in climate.</p> <p>In addition to the physical risk, expressed through consequences, it has been shown at the project level that the Group's eligible taxonomic activities meet the criterion of no substantial harm in adaptation (DNSH).</p> <p>The Group's <b>construction and services activities</b>, with a typical life of 3 to 5 years, do not present any material physical risk either in the short (&lt;5 years) or medium term (&lt;15 years). Neither is any material physical risk foreseen in the long term (up to 2050) in the construction and services activities. Construction includes the natural resources activity, where the current coping capacity keeps the physical risk at a low level.</p> <p>The long-term concessions analyzed (highways, toll bridges, light rail and hospitals) show low or very low risks for the RCP4.5 and RCP8.5 scenarios. This aspect is confirmed in the independent Abertis study.</p>

## Transition risks

The International Energy Agency's Stated Policy Scenarios (STEPS) and Net Zero Emissions by 2050 (NZE) were used to assess the transition risks. (2022-2035) was taken as the representative time horizon for the short and medium term and (2035-2050) for the long term.

The work was carried out on the basis of the transition risks identified in 2022. Accordingly, some regulatory and market transition risks were identified for the period (2022-2035) for the construction activity, which are very low or low for the two scenarios considered and medium for other reputational or market risks, especially for the period (2036-2050). However, similar to the 2022 physical risk study, this assessment of transition risks did not include an assessment of the measures the Group has in place to mitigate their potential effects.

In 2023, the ACS Group's main focus was on identifying these ongoing measures. A summary of the main risk mitigation initiatives is included in the table on the following page.

As this summary table shows, the ACS Group currently has a variety of measures (decarbonization plans in different subsidiaries<sup>2,3</sup>, communication and awareness-raising actions, actions for rapid adaptation to new legislation or anticipation of changes in the market) which enable it to face the possible risks of transition with guarantees in all the scenarios and time horizons analyzed.

<sup>2</sup> Hochtief Group Report 2023-Decarbonization roadmap (net zero pathway)

<sup>3</sup> Thiess Group Sustainability Report 2023

Risk	Description	Internal initiatives to mitigate risk
<p>1</p> <p>Reputational damage generated by climate change (reputational)</p>	<p>The growing awareness of climate change in society can lead to poor public opinion of the company and the sector:</p> <ul style="list-style-type: none"> <li>As decarbonisation progresses, the focus of public opinion may shift towards the construction sector.</li> <li>The construction sector still has great potential to reduce its emissions. In particular, buildings have an important role in mitigating climate change.</li> <li>The financial sector could penalise carbon-intensive sectors that do not show adequate ambition for climate change or that do not meet their climate targets.</li> </ul>	<ul style="list-style-type: none"> <li>The Hochtief Group, the main subsidiary of the ACS Group, has a decarbonisation plan that aims to reach net zero by 2045. This target is aligned with the objectives of the Paris Agreement and generates significant co-benefits. The rest of the Group's subsidiaries are in the process of developing their own decarbonisation plans, with the aim of establishing a consolidated plan for the ACS Group.</li> <li>As demonstrated in the following section on opportunities, the Group is an essential lever for closing the adaptation gap, and for adapting and building the new infrastructure needed to reach the overall goal of net zero.</li> <li>The Group is stepping up its internal and external awareness-raising strategy in this regard.</li> <li>The strategy of diversifying and rebalancing the portfolio associated with natural resources by gradually replacing coal with alternative raw materials, essential for renewable technologies, also contributes to mitigating this potential impact.</li> </ul>
<p>2</p> <p>Increase in borrowing costs (market)</p>	<p>The ecological transition can significantly affect the cost of financing:</p> <ul style="list-style-type: none"> <li>Funders are subject to increasing pressure at the regulatory and reputational level to decarbonise their investment portfolio, moving this pressure to the companies in which they invest.</li> <li>The EU Taxonomy framework may encourage changes in the notions of private investments towards activities that substantially contribute to environmental objectives.</li> <li>Climate aspects have greater influence when redirecting investment flows or to obtain better credit terms.</li> </ul>	<ul style="list-style-type: none"> <li>These decarbonisation plans of the Group's subsidiaries will play a key role in ensuring that there is no pressure on investors.</li> <li>Over the course of this year, the Group's eligible activities were shown to meet the DNSH criterion on adaptation. Many of them also contribute to mitigation and adaptation objectives and will undoubtedly help to attract public and private finance, as well as further open up the possibility of PPP projects or using green financial instruments for their financing, as is already happening in adaptation and resilience in some parts of the world.</li> </ul>
<p>3</p> <p>Increase in prices or decrease in insurance coverage (market)</p>	<p>While extreme weather events increase in frequency, it is expected that they will have a greater impact on insurance companies:</p> <ul style="list-style-type: none"> <li>There is an increasing risk that insurance will not cover natural disasters and extreme weather events related to climate change.</li> <li>Damage caused by climate events is an obstacle to the profitability of the offered policies</li> </ul>	<ul style="list-style-type: none"> <li>The risk assessment capacity developed by the Group lets it assess the risk for each project throughout its lifetime, making it possible to stay ahead of the curve in managing climate risk. This gives the Group the ability to manage a priori the transfer of part of this risk to customers or to negotiate lower premiums by introducing other coping or adaptation measures to reduce impacts during the construction and operation of the project, minimising a possible reduction in the market.</li> </ul>

4	<p>Increase in the price of greenhouse gas emissions (regulatory)</p>	<p>Emissions or carbon tax trading schemes are tools increasingly used by regulators to decarbonise the economy:</p> <ul style="list-style-type: none"> <li>• The current trading schemes could be extended to other sectors indirectly affecting ACS, as was the case with the European trade scheme with fuel suppliers in the building and transport sectors.</li> <li>• Emissions or carbon tax trading schemes could be applied in the construction sector that directly affect ACS transactions.</li> <li>• Emissions trading schemes lead to a progressive increase in carbon price. This increase is higher in a global decarbonisation scenario.</li> </ul> <ul style="list-style-type: none"> <li>• The ongoing decarbonisation plans of the subsidiaries, with their different levers and their monitoring, aimed at avoiding possible deviations, are essential elements to help reduce the possible effects of an increase in emissions prices.</li> </ul>
5	<p>Regulation of project and service specifications (regulatory)</p>	<p>The energy transition may involve changes in project specifications, arising directly from regulation or indirectly through the decarbonisation needs of end customers:</p> <ul style="list-style-type: none"> <li>• Public procurement can integrate anti-climate change criteria, such as emission reduction and carbon footprint, into its performance catalogue.</li> <li>• Management may require its contractors to publicly disclose climate-related information, such as their decarbonisation targets and climate risks.</li> </ul> <ul style="list-style-type: none"> <li>• The ACS Group is making increasing progress in climate-related disclosures. Especially in 2023, the Group made a significant effort to adapt itself to the EFRAG's new requirements and to harmonise methodologies and tools across the Group.</li> <li>• These actions, together with internal decarbonisation strategies, will enable the Group to adapt more easily to any regulatory changes, as it has done for decades.</li> <li>• Furthermore, any law requiring greater climate resilience in newly built infrastructure is considered to benefit the ACS Group, due to its advantageous position in this area.</li> </ul>
6	<p>Increase in the cost of raw materials (market)</p>	<p>Effective climate change policies and investments in low-carbon technologies could increase the price of raw materials:</p> <ul style="list-style-type: none"> <li>• In a global decarbonisation scenario, there is a greater risk that fossil fuel prices will increase.</li> <li>• Increased energy cost or a greater effort to decarbonise production processes could increase the prices of building materials such as cement and steel.</li> <li>• New replacement building materials being placed on the market that are low in carbon could make these materials more expensive.</li> </ul> <ul style="list-style-type: none"> <li>• The risk assessment capacity developed by the Group lets it assess the risk for each project throughout its lifetime, making it possible to stay ahead of the curve in managing climate risk. This gives the Group the ability to manage the pass on a significant part of this potential cost increase to customers.</li> <li>• Due to its large size and geographical extension, the ACS Group has an extensive supply chain and has an advantage over third-party competitors to access low-carbon raw materials and continue to maintain the profitability of its projects.</li> <li>• The portfolio of projects linked to climate resilience and the transition to net zero is expected to increase exponentially in the short and medium term, more than offsetting the exit of a small number of customers from the market who will not be able to bear the higher costs compared to the benefits of having climate resilient infrastructure aligned with the transition objectives</li> </ul>



#### 4.1.5. ENVIRONMENTAL RISK MANAGEMENT

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 and the

materiality analysis, the Group has prioritized the risks based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches.

To strengthen its commitment to the environment, in 2022 the ACS Group added risks associated with the Due Diligence in the Environment 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 prioritization of potential risks to perform the activity related to the environment, as well as 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 Risk map Climate change and energy efficiency</p> <p>Risks</p> <ul style="list-style-type: none"> <li>• Increase in cost overruns</li> <li>• Reputation risks</li> <li>• Regulatory restrictions and sanctions</li> </ul>	<p>The Environmental Plan and the Group's Sustainability Master Plan define the commitments and objectives for emissions reduction 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 has set targets linked to the variable remuneration of the Executive Directors in relation to performance on climate change. 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.</p>	<p>A 30.16% decrease in scope 1 + scope 2 emissions with respect to the Sustainability Master Plan baseline year (2019)</p> <p>Conducting a materiality analysis to determine the relevant scope 3 categories for the ACS Group and improving how they are reported. I</p> <p>Development of business opportunities such as Green Building projects</p> <p>In 2023, the Group continued improving 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"> <li>• The ACS Group's Sustainability Policy</li> <li>• The ACS Group's Code of Conduct</li> <li>• Code of Conduct for Business Partners</li> <li>• Human Rights Policy</li> <li>• Environmental policy</li> <li>• Risk Control Policy</li> </ul>
Circularity in the procurement of construction materials and in waste management	<p>The incorporation of the concepts 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</p> <p>Risks</p> <ul style="list-style-type: none"> <li>• Failure to comply with the ACS environment policy</li> <li>• Reputation risks</li> <li>• Statutory breach</li> <li>• Inefficient use of raw materials or conflict minerals</li> <li>• Increase in production costs</li> </ul>	<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 2025. Maintaining a waste rate for recycling in excess of 80%, and measures to encourage the use of recycled materials were also established</p>	<ul style="list-style-type: none"> <li>• ACS Group companies participate in various R &amp; D projects related to the durability and efficiency in the use of construction resources and materials.</li> </ul> <p>Waste rate (hazardous + non-hazardous) destined for recovery in 2023: 88.0 %</p> <p>Number of projects in which a life cycle analysis was performed (cumulative 2019): 117</p>	<ul style="list-style-type: none"> <li>• Environmental Policy.</li> <li>• Sustainability Policy.</li> <li>• Construction Materials Policy.</li> <li>• Risk Control Policy.</li> </ul>

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, Compliance Risks, Reputational Risks, and Environment and Circular Economy Risks</p> <p>Risks</p> <ul style="list-style-type: none"> <li>• Loss of ecosystem services</li> <li>• Reduction in economic growth</li> <li>• Statutory breach</li> <li>• Litigation and environmental sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously improve the environment, implementing an environmental management system to ensure compliance with policies, setting and monitoring objectives.</li> <li>• 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.</li> <li>• Promote training and awareness of employees in environmental aspects.</li> <li>• Promote actions aimed at increasing awareness among clients, value chain and society in general</li> <li>• Carrying out all activities of the ACS Group in accordance with current environmental legislation.</li> </ul>	<p>In 2023, 83.2% of ACS Group operations were certified under ISO 14001. The environmental management systems are audited by an external third party in companies that represent 93.2 % the Group's turnover and, in 2022, 834 environmental audits were conducted. In 2023 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. According to Note 37 on Information on the Environment of the Annual Financial Statements of the ACS Group, ACS Group companies incurred environmental expenses in 2023 totaling EUR 5,938 thousand (EUR 14,840 thousand in 2022), and according to Note 20 to the Annual Financial Statements, the provisions for environmental actions are included under non-current provisions, which include provisions to cover the probable environmental risks that may arise, with no provision of this nature included in the financial statements in 2023. 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.</p>	<ul style="list-style-type: none"> <li>• Environmental Policy.</li> <li>• Sustainability Policy.</li> <li>• Risk Control Policy.</li> </ul>
Sustainable and resilient infrastructure	<p>The risks arising from climate change, the scarcity of natural resources and the state and social context in 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"> <li>• Loss of competitiveness</li> <li>• Physical risks arising from climate change</li> <li>• Reputational damage</li> <li>• Loss of profitability</li> </ul>	<p>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.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• In the ACS Group companies, one of the fundamental pillars of the R &amp; 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.</li> <li>• Develop biodiversity policies and environmental studies to minimise impacts on the business areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of Green Building projects: 1,173 cumulative projects by HOCHTIEF and 101 in Dragados</li> <li>• Sales of sustainability-certified projects in 2023: EUR 14,087 million</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Policy.</li> <li>• Sustainability Policy.</li> <li>• Construction Materials Policy.</li> <li>• Risk Control Policy.</li> </ul>

#### 4.2.4. 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 included in its risks map and the materiality analysis, the Group has

prioritized the risks based on their potential relevance for the company's activity in relation to occupational health and safety, depending on the type of activity, action areas, policies and management approaches.

The table below shows the results obtained from this prioritization 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>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 employees' satisfaction and their 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 that forms part of the group's risk management system are:</p> <ul style="list-style-type: none"> <li>– Loss of talent and key profiles.</li> <li>– High rate of employee turnover and absenteeism, and therefore inefficiency in human resources.</li> <li>– Reduced feeling of belonging.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Indicators presented in this Chapter 4.2. 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"> <li>– Code of Conduct.</li> <li>– Diversity policy.</li> <li>– Talent Development and Assessment Policy.</li> <li>– Sustainability Policy</li> <li>– Human Rights Policy</li> <li>– Human Rights due diligence processes.</li> <li>– Risk Control Policy.</li> </ul>
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 that forms part of the group's risk management system are:</p> <ul style="list-style-type: none"> <li>– Loss of key profiles for the organisation.</li> <li>– Reduction in economic growth.</li> <li>– Reputation risks.</li> </ul>	<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"> <li>– Setting up a diverse team by increasing the presence of women in positions of responsibility</li> <li>– Being a leader in the integration of vulnerable groups</li> <li>– Ensuring equal opportunities and best labour practices</li> <li>– Within this common framework, each company prepares its own initiatives in accordance with its specific needs,</li> </ul>	<p>Indicators presented throughout this chapter 4.2, 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"> <li>– Code of Conduct.</li> <li>– Diversity policy.</li> <li>– Talent Development and Assessment Policy.</li> <li>– Sustainability Policy</li> <li>– Human Rights Policy</li> <li>– Human Rights due diligence processes.</li> <li>– Risk Control Policy.</li> </ul>
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 that forms part of the group's risk management system are:</p> <ul style="list-style-type: none"> <li>– Loss of competition in the market</li> <li>– High employee turnover</li> <li>– Loss of talent</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 development programs, and assess their impact on participants.</li> </ul>	<p>Indicators presented throughout this chapter 4.2, such as:</p> <ul style="list-style-type: none"> <li>- Strategies for attracting, developing and retaining talent</li> <li>- Training hours, investment in training, employees trained, formados</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct.</li> <li>• Diversity policy.</li> <li>• Talent Development and Assessment Policy.</li> <li>• Sustainability Policy.</li> <li>• Human Rights Policy</li> <li>• Risk Control Policy.</li> </ul>



4.3.3. 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 that pertaining to the Occupational Health and Safety Policy.

The ACS Group companies are the ones that develop these policies in accordance with each of their characteristics and needs, but always maintaining the common management principles described in the Occupational

Health and Safety Policy, focused on the objective of zero accidents.

Likewise, in accordance with the Group's risk map included in its risks map and the materiality analysis, the Group has prioritised the risks based on their potential relevance for the company's activity in relation to occupational health and safety, depending on the type of activity, action areas, policies and management approaches.

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 that forms part of the group's risk management system are:</p> <ul style="list-style-type: none"><li>• High accident and occupational disease rates</li><li>• Loss of employee productivity</li><li>• Reputation risks</li></ul>	<ul style="list-style-type: none"><li>• 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, and reducing the rate of accident rates for internal employees in Health and Safety. 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.</li><li>• There is an 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.</li><li>• Most companies have a management system to comply with the action plans approved by senior management.</li><li>• The Company set occupational health and safety targets linked to the Board's variable remuneration.</li><li>• The Group collaborates with specialised organisations and participates in congresses on this matter.</li></ul>	<p>Indicators presented in this point 4.3. relating to:</p> <ul style="list-style-type: none"><li>• Health and safety standards, also required for the supply chain.</li><li>• Zero-accident policies: mitigation plans and reduction targets.</li><li>• Safety and health training and awareness.</li><li>• Monitoring of accident rates, frequency and severity indicators.</li></ul>	<ul style="list-style-type: none"><li>• Occupational Health and Safety Policy</li><li>• ACS Sustainability Policy</li><li>• The ACS Group's Code of Conduct</li><li>• Code of Conduct for Business Partners</li><li>• Human Rights Policy</li><li>• Risk Control Policy</li></ul>



#### 4.4.14. RISK MANAGEMENT IN COMPLIANCE ISSUES

Section 4.2 of this chapter describes the model of dual control of compliance risk and specifies the parent company's duties of diligence with respect to the subsidiaries, which translates into implementing and developing a homogeneous system of standards through the Group Policies, with the objective of all the subsidiaries having a certified compliance management system or, at least, one that can be understood as certifiable. This initial control is complemented with a second-level control: half-yearly monitoring to detect cases where breaches or infringements have been reported or compliance risks have materialized or been realized, while also monitoring whether the subsidiary has adequately reacted in that specific case by detecting systemic deficiencies, taking corrective actions and the steps taken to resolve them (internal investigations and their results, modification of rules, improvement of controls, etc.).

In 2023, the Compliance Division carried out planned actions on operating and strengthening the ACS Group's Global Compliance Management System and thereby reducing its compliance risks, as part of the objectives set by the parent's Compliance Committee.

The main actions aimed at achieving this objective focused on assessing new criminal risks and updating the matrix of criminal and anti-bribery risks and controls, as well as implementing this customized control tool in all the Divisions; updating the matrix of tax risks and controls; the new version of the matrix of IT and cybersecurity controls; specialized training by the Compliance Division given to all members of the organization, including the full Board of Directors; adapting the questionnaire; and implementing a new version of the matrix of IT and cybersecurity controls

of the Global Compliance Report to the Whistleblower Protection Act; half-yearly monitoring of Compliance risk materialization through the information reported by all the Group's Divisions in the Global Compliance Report; and remediation plans, which in the second half of the year very significantly included face-to-face training and dissemination activities on the functioning of the transversal Compliance model of the Group's parent company, based on ISO 37301, in various divisional head offices in all the continents where the Group is present, which at 31 December 2023 had resulted in a significant reduction of compliance risks in all ACS Group companies, which have strengthened their Due Diligence systems in the areas of Human Rights, Environment, Cybersecurity, Tax Compliance, Criminal Compliance and Anti-Bribery and Competition.

Here the importance of the new post of Risks Director should be highlighted, which was introduced in the first half of the year, and who was also appointed as a member of the Compliance Committee. The Risks Director reports, in line with the Organization's corporate governance model, to both the Chief Executive Officer and the Audit Committee.

Along these same lines, the ACS Group's management of compliance risks in 2023 stood out for its constant detection and work on opportunities for continuous improvement, with the aim of continuing to promote a robust environment in Compliance matters, uniform in all ACS Group Divisions. In this context, the coordinated action of all the Group's companies in Spain for the certification of the UNE 19603:2023 Standard for Compliance Management Systems in the area of Free Competition in 2024 is particularly noteworthy.



NEPEAN HOSPITAL RECEPTION, AUSTRALIA - © CIMIC



#### 4.7.4. 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 this, the Code of Conduct for Business Partners establishes the basic principles of action that Partners 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 also 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.	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.	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:	Of the 79,110 suppliers and contractors that the ACS Group worked with in 2023, 87.0% accepted by signing the ACS Group's Code of Conduct for Business Partners, or have a procedure similar to it.	<ul style="list-style-type: none"> <li>• Code of Conduct Business Partners</li> <li>• Risk Control Policy</li> <li>• Human Rights Policy</li> <li>• Corporate Protocol on Due Diligence in regard to Human Rights</li> <li>• Sustainability Policy</li> <li>• Environmental policy</li> <li>• Occupational Health and Safety Policy</li> </ul>
	Associated risk Risk Map: Procurement/Subcontracting  The main risks associated with this material issue that forms part of the group's risk management system are: <ul style="list-style-type: none"> <li>• Increase in costs associated with activities.</li> <li>• Loss of market share.</li> <li>• Loss of license to operate.</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier approval and selection systems</li> <li>• Code of conduct for business partners and application of other internal Group policies and regulations.</li> <li>• Supply chain impact management</li> <li>• Training of suppliers</li> <li>• Due diligence (financial and non-financial) in the supply chain</li> <li>• Inclusion of ESG criteria in supply chain management</li> <li>• ESG clauses to suppliers</li> </ul>	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 was 38.6% in 2023  By 2023, 90.47% of significant tier-1 suppliers had been evaluated.  By 2023, 80.7% of the new suppliers had been evaluated.	