

## RISKS RELATED TO NON FINANCIAL STATEMENT

In regard to risk management, the ACS Group carries out its activities in different industries, countries and socio-economic and legal environments, which entails exposure to different levels of risk inherent to the businesses in which it operates.

In 2020, the ACS Group approved the update of General Risk Control and Management Policy, as well as the Integrated Risk Control and Management System, in line with the update of the Good Governance Code of Listed Companies in June of the same year.

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.

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

internal regulations necessary and appropriate to ensure that, based on the peculiarities of their activity, they implement internal control to guarantee 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 Non-Financial Statement (NFS), the Annual Corporate Governance Report (ACGR) and the Annual Report on Directors' Remuneration (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:

## SOCIAL

**COVID management:** 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 to achieve "zero accidents".

**Labour relations:** inadequate management of key aspects in human resources, such as collective bargaining, remuneration models, resource planning, absenteeism, training and employment conflicts, which could have a negative impact on meeting business objectives.

**Attracting and retaining talent:** lack of availability of qualified and trained human resources necessary to carry out the Group's activities. This risk takes into account the entire hiring process: training, professional development and satisfaction.

**Ineffective internal communication:** lack of communication from management with the teams, which could negatively affect human resource management and 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, as well as the reputation of the business. In addition, there are risks associated with market conditions that are beyond the control of the ACS Group.

**Violation of Human Rights:** the risk arising from failure to comply with the ACS Group's business commitment to the UN Global Compact on Human Rights and Labour, as well as the regulations in force in the countries in which the Group operates.

**External communication with stakeholders:** the risk of improperly communicating financial and non-financial information to the principal stakeholders of the ACS Group (investors, shareholders and voting advisers) such that information requirements for stakeholders are not met.

**Information security and cyber-attacks:** the existence of cyber-threats could result in the loss of tenders, prolonged halting of operations, uncontrolled access, information leakage and data.

## ENVIRONMENTAL

**Efficient use of resources and circular economy:** inadequate use or failure to take advantage of the natural resources necessary to carry out the activities that do not contribute to a circular economy model can lead to scarcity and depletion of resources.

**Climate change and energy efficiency:** the occurrence of natural disasters or other events arising from climate

change, as well as the breach of new environmental and energy efficiency legislation and regulations may impact the Group's activities and their cost.

**Biodiversity:** generating negative impacts on protected areas or areas with high ecological value, as well as performing activities in areas that are already affected, can result in a limitation of resources and opposition from local communities.

## 1.1. 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 materiality analysis, both updated in 2021, the Group has prioritised the risks based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches.

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

MATERIAL 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 Map of risks Climate change and energy efficiency 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 commitment and objectives to reduce emissions 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.</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>-4.0% decrease in scope 1 + scope 2 emissions compared to the previous year in comparable terms</p> <p>Consumption of renewable energies: 69,506,084 kwh</p> <p>Development of business opportunities such as Green Building projects</p> <p>In 2021, the Group continued with the evolution of its reporting model to be able 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), which was recognised in the 2025 ACS Group's Sustainability Master Plan approved last December 2021, the commitments, strategic lines and targets for climate change mitigation have been established.</p>	<ul style="list-style-type: none"> <li>• The ACS Group's Social Action 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>
Environmental management	<p>Companies both rely on and impact 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"> <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>• Carry out all activities of the ACS Group in accordance with current environmental legislation.</li> </ul>	<p>In 2021, 87.3% of the turnover of the ACS Group was approved under the ISO 14001 standard. The environmental management systems are verified by an external third party in companies representing a 97.68% the Group's turnover and, in 2021, 1,143 environmental audits were conducted.</p> <p>In 2021 there were 5 significant infringements of environmental legislation and regulations, understood as non-compliance that entails a fine greater than EUR 10,000. Thus, in 2021, the CIMIC Group company, CPB Contractors, recorded 5 fines for environmental incidents for a total of EUR 79,441 (NZ \$ 133,000) for incidents in 2019.</p> <p>In accordance with Note 37 on Information on the Environment of the Annual Accounts of the ACS Group, ACS Group companies incurred environmental expenses in 2021 totalling EUR 6,943 thousand (EUR 2,044 thousand in 2020), 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 2021. 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>

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
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 Efficient use of resources and circular economy 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 Sustainability Master Plan define the commitments to encourage the use of recycled construction materials, their durability and efficient waste management.</p> <p>Within the objectives established in the Sustainability Master Plan, it was established to promote life cycle analysis in infrastructure and building projects, exceeding 200 projects with this analysis by 2025. Likewise, it was established to maintain a waste rate for recycling in excess of 80%. In addition, companies that represent 97.3% of the ACS Group's sales have a specific plan to encourage the use of recycled construction materials.</p>	<p>ACS Group companies participate in various R &amp; D projects related to durability and efficiency in the use of construction resources and materials.</p> <p>Waste rate (hazardous + non-hazardous) destined for recovery in 2021: 83.8%</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>
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 Because a significant percentage of GHG emissions come from buildings, developing more energy-efficient infrastructure contributes to the mitigation of climate change.</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 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>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• ACS offers customers the use of recycled and/or certified construction materials. The projects of HOTCHTIEF, Turner, CIMIC and Dragados comply with different sustainable construction certification requirements, and 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: 885 cumulative projects by HOCHTIEF and 45 underway by Dragados in 2021</li> <li>• Sales of projects with sustainability certification in 2021: EUR 10,688 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>



## 1.2. HUMAN RESOURCES 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 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:

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
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 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 labour relations. 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>Reduction of feeling of belonging.</li> </ul>	<ul style="list-style-type: none"> <li>The 2025 Sustainability Master Plan includes the commitment of being 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 5.2. 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>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 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 5.2, 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>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 and employment relationships.</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 and personal development programmes, and assess their impact on participants.</li> </ul>	<p>Indicators presented throughout this chapter 5.2, such as: - Strategies for attracting, developing and retaining talent - Training hours, investment in training, employees trained.</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>Risk Control Policy.</li> </ul>

### 1.3. HEALTH AND SAFETY 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 other related internal regulations, including the Code of Conduct and the Code of Conduct for Business Partners.

The ACS Group companies will develop these policies in accordance with the characteristics and needs of each one of the Group companies, but always maintaining the common management principles described in section 5.3

and focusing on the fundamental objective on which the entire company is focused, which is the objective of zero accidents.

Likewise, in accordance with the Group's risk map, 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.

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
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>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: Purchases/subcontracting. 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>• Increase in costs associated with activities.</li> <li>• Loss of market share</li> <li>• Loss of license to operate</li> </ul>	<p>The mandatory Code of Conduct for Business Partners establishes, among other basic principles, that:</p> <ul style="list-style-type: none"> <li>• It is essential that the business partners, regardless of the country in which they carry out their activity, respect the fundamental human and labour rights, recognised internationally</li> <li>• Respect for human health and safety is a primary objective for ACS. Therefore, its business partners must be committed to ensuring a safe and healthy working environment for their members, as well as greater respect for occupational health and safety regulations, complying with the applicable occupational risk regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2021, of the 80,328 direct suppliers with which the Group works, 86.13% of suppliers signed on to accept this Code or have a method similar to the ACS Group Code of Conduct.</li> </ul> <p>In these formal supplier approval systems, the weight of the factors related to sustainability (environmental, ethical and social criteria) out of the total factors used for the approval varies according to the companies' activities and areas of activity, but the weighted average weight of these factors exceeded 38.4% in 2021.</p>	<ul style="list-style-type: none"> <li>• Code of Conduct Business Partners</li> <li>• Risk Control Policy.</li> <li>• Human Rights Policy</li> </ul>
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, 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.</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 5.3. 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>• 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>

## 1.4. COMPLIANCE RISK MANAGEMENT

The General Risk Control and Management Policy, as a framework rule, affects all areas of the ACS Group, including all issues relating to compliance. The Integrated Risk Control and Management System covers all types of risks that could jeopardise the achievement of the objectives of the Organisation and the ACS Group companies. The ACS Group also has a General Risk Map of the Group that is updated and approved by the Board on a regular basis. The classification of the defined Risks and a detailed explanation of the comprehensive risk management and control system are set forth in section 2.3 of Consolidated Management Report.

The body responsible for examining breaches and proposing corrective actions and sanctions 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. To promote the adoption of a model of compliance management by subsidiaries which can be understood as robust, the ACS parent has developed a dual control system, as explained in point 5.4.1 of Consolidated Non Financial Statement

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

a) Supervise and assess the effectiveness of financial and non-financial risk management systems relating to the

Company and the group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risk management systems.

b) Reassess, at least annually, the list of most significant financial and non-financial risks and assess 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 in which these will explain business trends and associated risks.

c) Directly to oversee the performance of the internal control and risk management functions carried out by any unit or Department of the Company.

Without prejudice, in any case, to the mandatory reporting to the markets through the Annual Consolidated Report, the Non-Financial Statement and the Annual Corporate Governance Report (sections E and F).

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



## 1.5. SUPPLY CHAIN RISK MANAGEMENT

Among the functions attributed to the Audit Committee of the Group's Board of Directors is the review, monitoring and assessment of the Company's Sustainability Policy and its practices, as well as the other related internal regulations, including the Code of Conduct for Business Partners.

The ACS Group companies will carry out these policies, which will be carried out in accordance with the characteristics and needs of each of the Group companies.

Likewise, according to the risk map prepared by the Group, the risks based on the relevance that they may have for the performance of the company's activity have been prioritised, in accordance with the type of activity, action areas, policies and management approaches, and throughout the report, the results obtained from this prioritisation of potential risks for the performance of the activity related to the supply chain as well as the management measures adopted by the ACS Group.

In managing the risk chain, it must be considered that the possible improper practices of the suppliers of a company pose a potential risk that, if it materialises, may hinder their ability to do business. It is necessary to assess counterparty risks, both at the level of personnel, security and health, the environment and ethics, integrity and rights to which it is exposed and to be involved in constantly improving its performance. To do so, the Code of Conduct for Business Partners, which establishes the basic principles of action that the Shareholders must comply with in their relationship with the Group, as well as the management systems expected from them in certain aspects. Likewise, in addition to the own management systems defined by companies in their relationship with suppliers, the specific regulations of the Group on issues such as the Environmental Policy or the Corporate Protocol on Due Diligence in Human Rights or the Criminal Compliance and Anti-Bribery Policy, extend not only to the Group's employees but to the entire value chain.

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
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 that forms part of the group's risk management system are:</p> <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>	<p>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"> <li>Supplier approval and selection systems</li> <li>Code of Conduct for business partners</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>	<p>Of the 80,328 suppliers and contractors with which the ACS Group worked during 2021, 86.13% 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 38.4% in 2021.</p> <p>In 2021, 57,785 suppliers had been assessed at least once in the last three years, representing 71.9% of the total suppliers.</p>	<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> </ul>

## 1.6. EMERGING RISKS

The most significant emerging risks identified by the ACS Group are detailed below. Both materialize today, but it is considered that their impact on the development of the group's activities will extend significantly in the long term (>5 years).

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATING ACTIONS
Supply chain disruption and scarcity of building materials	<p>Global supply chains have remained stretched since the middle of 2020 due to the pandemic situation derived from Covid-19 . In recent months, tensions have increased due to the current geopolitical situation and given that the continuation of the conflicts and the subsequent economic and energy crisis are expected, a significant impact on the supply of raw and building materials is expected.</p> <p>The construction sector is highly exposed due to the difficulty of buildings materials supply, the increase in the cost of raw materials, the price of energy, effects of the climate change and the increasing preferences and demands of stakeholders entail an increasingly relevant risk in the market.</p> <p>Inadequate use or failure to take advantage of the building materials necessary to carry out the activities that do not contribute to a circular economy model can led to scarcity and depletion of resources.</p> <p>Finally, a high demand and a future demand for the use of specific materials with sustainable characteristics is expected, so it is expected that the Group may again face supply risks of this type of material in the coming years.</p>	<p>Supply chain disruption and building materials scarcity directly affect the development of ACS's activities throughout the world and may lead to delays in the development of projects, failure to comply with clients requirements, failure to comply with the ACS environment policy as well as reputational risks, statutory breaches and an increase in production costs.</p>	<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 as well as ACS dependencies.</p> <p>Likewise, the optimisation of resources increases operational and financial efficiency, in addition to reducing the waste generated.</p> <p>Also, 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>Within the objectives established in the Sustainability Master Plan, it was established:</p> <ul style="list-style-type: none"> <li>• To promote life cycle analysis in infrastructure and building projects, exceeding 200 projects with this analysis by 2025.</li> <li>• To maintain a waste rate for recycling in excess of 80%.</li> <li>• Companies that represent 97.3% of the ACS Group's sales have a specific plan to encourage the use of recycled construction material.</li> <li>• ACS Group companies' participate in various R &amp; D projects related to durability and efficiency in the use of construction resources and materials.</li> </ul>

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATING 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 worldwide company that develop its activities in USA, Australia, Canada, Germany, and Spain, all of these countries are subjected to several risks related to the consequences of climate change, such as changes in rainfall and wind patterns and the increase in average temperatures, that will lead to thermal stress and the increase of sea level.</p> <p>These risks will play a key role in the development of ACS activities limiting the resources requirements as well as the surface availability and quality to operate and maintain future projects.</p>	<p>Both physical and transition risks will impact 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>On the other hand, transition risks have a direct impact on the energy use model and prices for fossil fuels and raw materials.</p> <p>The ACS risk map identifies the specific risks related to climate change considered most emerging as they have been identified in the long term (2045):</p> <ul style="list-style-type: none"> <li>• Exposure to litigation and sanctions related to noncompliance with regulations on climate change (legal transition risk) increases the Company's exposure to possible litigation and sanctions for breach of legal obligations.</li> <li>• Changes in stakeholder expectations/ preferences (reputational transition risk) may involve changing their behaviour and/or demand more sustainable, environmentally friendly services from the markets. This increases the pressure on the more carbon-intensive projects or services offered, leading to a reduction in demand.</li> <li>• Regarding chronic physical risk: Changes in rainfall and wind patterns may pose serious problems to water supply or resilience of infrastructure that affect the operation of projects under construction, renewable energy generation and increased operating costs.</li> <li>• The Increase in average temperatures, thermal stress can lead to failures in machinery efficiency or the emergence of infectious diseases.</li> </ul>	<p>The Environmental Policy and the Group's Sustainability Master Plan define the commitment and objectives to reduce emissions and use of resources.</p> <p>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. 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 (for example: development of business opportunities such as Green Building projects).</p> <p>In 2021, the Group continued with the evolution of its reporting model to be able 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), which was recognised in the 2025 ACS Group's Sustainability Master Plan approved last December 2021, where the commitments, strategic lines and targets for climate change mitigation have been established.</p>