

The ACS logo consists of the letters 'ACS' in a bold, yellow, sans-serif font, set against a dark blue rectangular background. To the right of the letters is a white square icon containing a yellow stylized arrow pointing upwards and to the right.

**ACS**

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

The background of the cover is a photograph of a modern building's interior, featuring a multi-level atrium with a complex wooden and white structural design. The lighting is warm and natural, highlighting the architectural details. The text is overlaid on the lower portion of the image.

**2021**

**ANNUAL CORPORATE  
GOVERNANCE REPORT**

# ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

## A. OWNERSHIP STRUCTURE

**A.1 Complete the following table on the share capital and voting rights attributed, including, where applicable, those corresponding to shares with loyalty votes, at year-end:**

Indicate whether the Articles of Association contain a provision for double voting due to loyalty:

No X

Yes

Date approved by the meeting

dd/mm/yyyy

**Minimum uninterrupted period of ownership required by the Articles of Association**

Indicate whether the company has attributed loyalty votes:

No

Yes

Date of the last change in share capital	Share capital	Number of shares	Number of voting rights (Not including additional votes attributed by loyalty)	Number of additional voting rights attributed corresponding to shares with loyalty votes	Total number of voting rights, including additional votes attributed by loyalty
11/11/2021	152.332.297,00	304.664.594	304.664.594		

**Number of shares registered in the special register of members pending fulfilment of the loyalty period**

### Comments

On 24 January 2022, the share capital was reduced to EUR 147,332,297, represented by EUR 294,664,594 shares with a par value of EUR 0.50 each, fully subscribed and paid up.

Indicate whether there are different classes of shares with different rights:

Yes

No

X

## A.2 Details of the direct and indirect holders of significant stakes at year's end, including directors with a significant stakes:

Name or company name of the shareholder	% voting rights attributed to shares (including loyalty votes)		% voting rights through financial instruments		% of total voting rights	Of the total number of voting rights attributed to the shares, indicate any additional votes attributed that correspond to the shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. ALBERTO CORTINA ALCOCER	0,00	2,63	0,00	0,00	2,63		
Mr. FLORENTINO PÉREZ RODRÍGUEZ	0,00	12,93	0,00	0,00	12,93		
Mr. ALBERTO ALCOCER TORRA	0,00	2,47	0,00	0,00	2,47		
SOCIETE GENERALE S.A.	6,08	0,00	0,00	0,00	6,08		
BLACKROCK	0,00	4,69	0,00	0,31	5,00		

### Details of the indirect shareholding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to shares (including loyalty votes)	% voting rights through financial instruments	% of total voting rights	Of the total number of voting rights attributed to the shares, indicate any additional votes attributed that correspond to the shares with loyalty votes	
Mr. ALBERTO CORTINA ALCOCER	PERCACER S.L.	1,41	0,00	1,41		
Mr. ALBERTO CORTINA ALCOCER	CORPORACIÓN FINANCIERA ALCOR, S.L.	0,15	0,00	0,15		
Mr. ALBERTO CORTINA ALCOCER	IMVERNELIN PATRIMONIO, S.L..	1,07	0,00	1,07		
Mr. FLORENTINO PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.	12,93	0,00	12,93		
Mr. ALBERTO ALCOCER TORRA	COMERCIO Y FINANZAS, S.L.	1,25	0,00	1,25		
Mr. ALBERTO ALCOCER TORRA	CORPORACIÓN FINANCIERA ALCOR, S.L.	0,15	0,00	0,15		
Mr. ALBERTO ALCOCER TORRA	IMVERNELIN PATRIMONIO, S.L.	1,07	0,00	1,07		
BLACKROCK	BLACKROCK, INC	4,69	0,31	5,00		

### Comments

Indicate the most significant changes in the shareholding structure occurring during the year:

Most significant movements

**A.3 Detail, regardless of the percentage, the stakes held at year-end by Board members who hold voting rights attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:**

Director name	% voting rights attributed to shares (including loyalty votes)		% voting rights through financial instruments		% of total voting rights	Of the total % voting rights attributed to the shares, indicate, where applicable, the % of additional votes attributed that correspond to the shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. JOSÉ LUIS DEL VALLE PÉREZ	0,10	0,00	0,00	0,00	0,10	0,00	0,00
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	0,00	0,24	0,00	0,00	0,24	0,00	0,00
Mr. JAVIER ECHENIQUE LANDIRÍBAR	0,01	0,00	0,00	0,00	0,01	0,00	0,00
Mr. ANTONIO GARCÍA FERRER	0,03	0,00	0,00	0,00	0,03	0,00	0,00
Mr. AGUSTÍN BATUECAS TORREGO	0,44	0,25	0,00	0,00	0,69	0,00	0,00

% total de derechos de voto titularidad de miembros del consejo de administración	1,07
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Comments

Details of the indirect shareholding:

Nombre o denominación social del consejero	Name or company name of the direct shareholder	% voting rights attributed to shares (including loyalty votes)	% derechos de voto a través de instrumentos financieros	% of total voting rights	Del % total de derechos de voto atribuidos a las acciones, indique, en su caso, el % de los votos adicionales atribuidos que corresponden a las acciones con voto por lealtad
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FAPIN MOBI, S.L.	0,24	0,00	0,24	0,00
Mr. AGUSTÍN BATUECAS TORREGO	CARCALODÓN, S.L.	0,25	0,00	0,25	0,00

Comments

Details of the total percentage of voting rights represented on the board:

% of total voting rights represented on the board	14,01
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**A.4 Indicate any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant stakeholdings, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business, and aside from those indicated in section A.6:**

**A.5 Indicate any relationships of a commercial, contractual or corporate nature existing between the holders of significant stakeholdings and the company and the group, unless they have scant relevance or arise from the ordinary course of business:**

**A.6 Describe any relationships, unless they are scarcely relevant to the two parties, between the significant shareholders or representatives on the board and the directors, or their representatives, in the case of legal entity directors.**

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate those directors who were nominated by significant shareholders, those who were nominated by significant shareholders, or who are related to significant shareholders and/op entities of their group, specifying the nature of those relationships. In particular, mention must be made of the existence, identity and position of any Board members, or representatives of directors, of the listed company who are, in turn, members of the management body, or their representatives, in companies that hold significant shareholdings in the listed company or in entities of the group of those significant shareholders.

Name or company name of the connected Board member or representative	Name or company name of the connected significant shareholder	Name of the company of the significant shareholder's group	Description of relationship/ position
Ms. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.		SISTER OF Mr. FLORENTINO PÉREZ RODRÍGUEZ, SOLE DIRECTOR OF ROSAN INVERSIONES, S.L
Mr. MARIANO HERNÁNDEZ HERREROS	ROSAN INVERSIONES, S.L.		BROTHER-IN-LAW OF Mr. FLORENTINO PÉREZ RODRÍGUEZ, SOLE DIRECTOR OF ROSAN INVERSIONES, S.L.

Comments

**A.7 Indicate whether shareholders have signed any side agreements affecting the company pursuant to sections 530 and 531 of the Spanish Corporate Enterprises Act [Ley de Sociedades de Capital]. If so, provide a brief description and list the shareholders that are party to the agreement:**

Yes	No
	X

**Indicate whether the company is aware of any concerted actions between its shareholders, and if so describe them briefly:**

Yes	No
	X

**A.8 Indicate if there is any individual or legal entity that exercises or could exercise control over the Company under section 5 Spanish Securities Market Act [Ley del Mercado de Valores]. If so, identify them:**

Yes	No
	X

**A.9 Complete the following tables on the company's treasury shares:**

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
28.261.511	500	9,276 %

Comments

(\*) Through: FUNDING STATEMENT, S.A.

Explain the significant changes that occurred during the year:

Notification of acquisitions:

Notification date	Total direct shares redeemed	Percentage of total share capital
21/12/2021	3.324.818	1,091 %
17/11/2021	2.471.134	0,811 %
14/10/2021	3.134.342	1,009 %
14/09/2021	3.280.451	1,056 %
23/07/2021	150.000	0,048 %
20/07/2021	3.438.136	1,107 %
01/06/2021	3.204.604	1,032 %
17/02/2021	1.591.644	0,512 %

Comunicación de amortizaciones:

Notification date	Total direct shares redeemed	Percentage of total share capital
17/11/2021	6.000.000	1,969 %
23/07/2021	8.329.558	2,681 %
17/02/2021	2.568.165	0,827 %

**A.10 Give details of the conditions and time periods governing any resolutions of the General Meeting authorising the Board to issue, acquire or transfer treasury shares.**

The Annual General Meeting of 7 May 2021 passed the following resolution: 'Rendering null and void the authorisation granted through the resolutions of the Company's General Meeting held on 8 May 2020 and, in accordance with sections 146 and related sections and 509 of the Consolidated Text of the Corporate Enterprises Act, the Board and those of its subsidiaries are authorised, for one year from the date of this meeting, which will be automatically extended for periods of equal duration up to a maximum of five years, unless stipulated otherwise by the shareholders at the General Meeting, and in accordance with the conditions and requirements envisaged in the legal provisions in force at the time, to acquire, at any given time and as many times as deemed advisable and through any of the means admitted by law, with a charge to profit for the year and/or unrestricted reserves, shares of the Company, the nominal value of which when added to those already owned by the Company or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, the maximum amount authorised by the legislation applicable at any given time. The minimum price and the maximum price, respectively, will be the nominal value and the weighted average price relating to the last trading day prior to the transactions increased by 20%. The Company's board and those of its subsidiaries are also authorised, within the period and in accordance with the conditions established above to the extent possible, to acquire shares of the Company through loans, for a consideration or otherwise, on an arm's-length basis, taking into account market conditions and the characteristics of the transaction.

Express authorisation is given for the treasury shares acquired by the Company or its subsidiaries to be earmarked, in full or in part: (i) for sale or redemption; (ii) for payment to workers, employees or directors of the Company or its Group, when they have a right recognised either directly through or as a result of exercising the options they hold, for the purposes envisaged in the last paragraph of section 146(1)(a) of the Consolidated Text of the Corporate Enterprises Act; and (iii) for dividend reinvestment plans or similar instruments.

To redeem treasury shares, and granting the performance of this task to the board as indicated below, the Board resolved to reduce the share capital, with a charge to profit or unrestricted reserves, for an amount equal to the total nominal value of the treasury shares that the Company directly or indirectly holds at the date the Board resolution is passed.

In accordance with Article 7 of the Articles of Association, the Board is authorised (with express powers of substitution) to perform this resolution to reduce the share capital, which may be carried out once or several times within a maximum period of five years from the date of this resolution, performing such formalities, taking such steps and providing such authorisations as might be necessary or required by the Corporate Enterprises Act and other applicable provisions. In particular, the Board is authorised to, by the deadline and with the aforementioned limits: (i) set the date or dates for the specific share capital reduction or reductions, taking into account market conditions, the share price, the Company's economic-financial position, its cash, reserves, business performance and any other matter that is reasonable to consider; (ii) specify the amount of each share capital reduction; (iii) allocate the amount of the reduction, either to restricted reserves or to unrestricted reserves, providing such guarantees as might be required and complying with the related legal requirements; (iv) amend Article 6 of the Articles of Association to reflect the new share capital figure; (v) apply for the delisting of the redeemed shares; and, in general, pass any resolutions as might be necessary to ensure the full effectiveness of the redemption of these shares and the concomitant capital reduction, designating the persons authorised to execute these resolutions.

Performing this capital reduction will be subordinate to the capital reduction through redemption of treasury shares proposed to the shareholders at the Ordinary General Meeting under item 6 on the Agenda, such that under no circumstances may it prevent the implementation of that resolution in as stipulated in it'.

The Annual General Meeting held on 8 May 2020 also resolved to delegate to the Board, in accordance with section 297(1)(b) of the Corporate Enterprises Act, the power to increase, by one or more times, the share capital of the Company in a maximum amount of up to 50% of its capital, as of the date of this authorisation, with no need to call the General Meeting or for it to subsequently pass a resolution.

The Annual General Meeting held on 10 May 2019 resolved to delegate to the Board the power to issue, on one or more occasions, within a maximum term of five years, securities that are convertible and/or exchangeable for shares of the Company, and warrants or other similar securities that may directly or indirectly provide the right to subscribe or acquire shares of the Company, for a total amount of up to EUR 3 billion; and the power to increase the capital stock by the necessary amount, along with the power to exclude, where appropriate, the pre-emption rights up to a limit of 20% of the share capital.

**A.11 Estimated percentage free float**

	%
Estimated free float	81,97 %

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Comments

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**A.12 Indicate, as applicable, any restrictions (under the Articles of Association, by law or any other type) on the transfer of securities and/or any restrictions on voting rights. In particular, report any type of restrictions that may hinder the takeover of the company through the acquisition of its shares on the market, along with any prior authorisation or notification regimes applicable to the acquisition or transfer of the company's financial instruments under sectoral regulations.**

Yes	No
	X

**A.13 Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Spanish Law 6/2007.**

Yes	No
	X

**A.14 Indicate whether the company has issued shares that are not traded in a regulated market in the European Community.**

Yes	No
	X



## B. GENERAL MEETING

***B.1 Indicate and, if applicable describe, the differences between the minimum required under the Corporate Enterprises Act and the quorum required for holding the General Meeting.***

Yes	No
	X

***B.2 Indicate and, if applicable describe, any differences between the rules established in the Corporate Enterprises Act to pass resolutions and the company's rules.***

Yes	No
	X

***B.3 Indicate the rules on amending the Articles of Association. In particular, indicate the majorities needed to amend the Articles of Association, and, where appropriate, the rules on protecting shareholder rights when amending the Articles of Association.***

Article 32 of the Articles of Association establishes that, for the General Meeting to be able to validly resolve to increase or reduce the capital and any other amendment to the Articles of Association, to issue debentures, to disapply or limit the pre-emption right for new shares, and to transform, merge, spin-off or globally assign assets and liabilities, to transfer the registered office abroad or dissolve the Company by a mere resolution of the General Meeting without giving rise to any mandatory cause, shareholders must be present or represented who hold at least 50% of the subscribed capital with voting rights, or at second call, the 25% of that capital must be present or represented. These resolutions will be adopted by an absolute majority if the capital present or represented exceeds 50% at first call and with the favourable vote of two-thirds of the capital present or represented at the meeting when, at second call, shareholders representing 25% or more of the subscribed capital with voting rights attend without reaching 50%. In addition, as established in sections 286 and 287 Corporate Enterprises Act, the Board must draft the entire text of the proposed amendment to the Articles of Association, and a written report justifying the amendment. The General Meeting call must clearly specify the points to be modified and record the right of all shareholders to examine the full text of the proposed amendment and the report on it at the registered office, and to request free delivery or sending of those documents.

Article 29 ('Voting on proposed resolutions') of the General Meeting Regulations establishes the following: '29.3. Separate votes will be taken at the General Meeting on all matters that are substantially separate from each other. In any event, separate votes will be taken on the following matters, even if they are included in the same item on the agenda: (i) the appointment, ratification, re-election or removal of each Director; and (ii) the amendment of the Articles of Association, that of each Article or group of Articles that are separate from each other'.

**B.4 Indicate the data on attendance at the General Meetings held in the year to which this report refers and in the two previous years:**

Date of the General Meeting	Attendance information				
	% attending in person	% by proxy	% remote voting		Total
			Electronic voting	Others	
10/05/2019	1,05 %	65,57 %	0,01 %	0,00%	66,63 %
Of which are free floating:	0,19 %	45,54 %	0,01 %	0,00%	45,74 %
08/05/2020	0,93 %	52,80 %	0,01 %	0,00%	53,74 %
Of which are free floating:	0,07 %	47,11 %	0,01 %	0,00%	47,19 %
07/05/2021	1,45 %	60,37 %	0,02 %	0,00%	61,84 %
Of which are free floating:	0,08 %	40,74 %	0,02 %	0,00%	40,84 %

**B.5 Indicate whether there were any items on the agenda at the general meetings held in the year that, for any reason, were not passed by the shareholders.**

Yes	No
	X

**B.6 Indicate whether the Articles of Association contain any restrictions with respect to the minimum number of shares required to attend general meetings or vote remotely:**

Yes	No
X	

<b>Number of shares required to attend general meetings</b>	100
<b>Number of shares required to vote remotely</b>	100

Comments

Article 26 of the Articles of Association establishes the following: 'The General Meeting comprises all the shareholders that hold at least one hundred shares, either in person or by proxy. Owners or holders of fewer than one hundred shares may group themselves together to reach this number and may be represented either by one of the group or by another shareholder that possesses enough shares to form part of the general meeting'.

**B.7 Indicate whether it has been established that certain decisions, other than those established by law, that involve the acquisition, disposal, or contribution to another company of essential assets or other similar corporate transactions, must be submitted for approval by the shareholders at the general meeting.**

Yes	No
	X

***B.8 Indicate the address and mode of accessing, on the company's website, information on corporate governance and other information on the general meetings that need to be made available to the shareholders through the Company's website..***

The address is <http://www.grupoacs.com/gobierno-corporativo/>

Once on the ACS Group's website, several tabs appear at the top, with the one of interest here being 'CORPORATE GOVERNANCE'. Clicking on this link brings up the Articles of Association, the General Meeting Regulations and the Board Regulations.

The drop-down menu within CORPORATE GOVERNANCE shows two sections:

- Board of Directors. Clicking on this link displays the Board Regulations and the composition of the Board, with information on each Board member.
- Annual Corporate Governance Report. After clicking on this link, following a brief introduction, there is a specific instruction to click on it and download the annual reports since 2006 in PDF format.

On the other hand, in the drop-down menu of the COMPLIANCE tab, there is a section entitled 'Compliance Policies and Procedures', which contains the Code of Conduct, the Code of Conduct for Business Partners, the Policy on the Operation of the Whistleblower Channel, the General Risk Control and Management Policy, the Criminal and Anti-Bribery Compliance Policy, the Human Rights Policy, the Corporate Tax Policy, the Diversity Policy, the Sustainability Policy, the Competition Compliance Policy and Protocol, the Policy on Reporting Economic-Financial, Non-Financial and Corporate Information and Contacts and Engagement with Shareholders and Other Stakeholders, the Information Security Policy, the Remuneration Policy, the Treasury Stock Policy, the Corporate Human Rights Due Diligence Protocol, the Code of Conduct in the Securities Markets and the Environmental Policy. Likewise, the 'Corporate Policies' section--which contains the Corporate Governance Policy--also appears in the drop-down menu of the COMPLIANCE tab.

Finally, the 'General Meeting' section, under the 'SHAREHOLDERS AND INVESTORS' tab, provides the information on the General Meetings since 2013.

## C MANAGEMENT STRUCTURE OF THE COMPANY

### C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Articles of Association and the number established by the general meeting:

Maximum number of Board members	21
Minimum number of Board members	11
Number of Board members set by the meeting	15

C.1.2 Complete the following table with the Board members' details:

Director name	Representative	Type of Board member	Position on the Board	Date first appointment	Date last appointment	Appointment procedure
Mr. FLORENTINO PÉREZ RODRÍGUEZ		Executive	Chair and CEO	28/6/1989	10/5/2019	Shareholder Resolution
Mr. ANTONIO GARCÍA FERRER		Executive	Deputy Chair	14/10/2003	10/5/2019	Shareholder Resolution
Mr. AGUSTÍN BATUECAS TORREGO		Other External	Director	29/6/1999	10/5/2019	Shareholder Resolution
Mr. ANTONIO BOTELLA GARCÍA		Independent	Director	28/4/2015	10/5/2019	Shareholder Resolution
Mr. JOSÉ LUIS DEL VALLE PÉREZ		Executive	Board member - Secretary	28/6/1989	10/5/2019	Shareholder Resolution
Mr. JAVIER ECHENIQUE LANDIRIBAR		Proprietary	Director	20/5/2004	8/5/2020	Shareholder Resolution
Ms. CARMEN FERNÁNDEZ ROZADO		Independent	Director	28/2/2017	7/5/2021	Shareholder Resolution
Mr. EMILIO GARCÍA GALLEGO		Independent	Director	13/11/2014	10/5/2019	Shareholder Resolution
Mr. JOAN-DAVID GRIMÀ TERRÉ		Other External	Director	14/10/2003	10/5/2019	Shareholder Resolution
Mr. MARIANO HERNÁNDEZ HERREROS		Proprietary	Director	5/5/2016	8/5/2020	Shareholder Resolution
Mr. PEDRO LÓPEZ JIMÉNEZ		Other External	Director	28/6/1989	10/5/2019	Shareholder Resolution
Ms. CATALINA MIÑARRO BRUGAROLAS		Independent	Director	28/4/2015	10/5/2019	Shareholder Resolution
Ms. MARÍA SOLEDAD PÉREZ		Proprietary	Director	13/11/2014	10/5/2019	Shareholder Resolution
Mr. MIGUEL ROCA JUNYENT		Other External	Director	14/10/2003	10/5/2019	Shareholder Resolution
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ		Independent	Coordinating Director	22/12/2016	7/5/2021	Shareholder Resolution
Total number of Board members						15

## C.1.3 Complete the following tables on the Board members and their positions:

**EXECUTIVE DIRECTORS**

Name of Board member	Position per company organisation chart	Profile
Mr. FLORENTINO PÉREZ RODRÍGUEZ	Executive Chair	Born in Madrid in 1947. Degree in Civil Engineering from the Polytechnic University of Madrid. Professional career: He began his professional career in 1971 in the private sector, becoming director of the Spanish Road Association, before moving to the public sector. From 1976 to 1982, he held several positions in the Public Administration, such as the Delegate for Sanitation and the Environment on the Madrid City Council, Managing Sub-Director of the Ministry of Industry and Energy, Managing Director of Transport Infrastructures of the Ministry of Transport, and Chair of the National Institute for Agricultural Reform and Development (IRYDA) of the Ministry of Agriculture. In 1983, he returned to the private sector as the chief executive of Construcciones Padros, S.A., also being one of its main shareholders. Since 1993 he has been Chair of ACS, Actividades de Construcción y Servicios, S.A. He is also the President of Real Madrid.
Mr. ANTONIO GARCÍA FERRER	Deputy Chair	Born in Madrid in 1945. He was awarded a degree in Civil Engineering from the Polytechnic University of Madrid in 1971. Professional career: He joined Dragados as a student in 1970 and subsequently as site manager on several projects on the Spanish mainland, until he was appointed Delegate of Civil Works in Madrid and then Director of the Central Region of Dragados until 1997, when he was appointed Director of Building Works in Spain until 2001, when he became General Manager of Industrial Works and Environmental Services. In 2002 he was appointed Executive Chair of the Dragados Group until December 2003, when, following the merger with ACS, he became Executive Vice-Chair.
Mr. JOSÉ LUIS DEL VALLE PÉREZ	Director and General Secretary	Born in Madrid in 1950. He holds a licentiate in Law from the Complutense University and was made State Counsel in 1974, and has been a member of the Madrid Bar Association since 1976. Professional career: As a State Counsel, he worked at the Treasury and Courts Office in Burgos and Toledo and in the Ministries of Health and Social Security and of Labour and Social Security. He was Director of the National Legal Department of the UCD. He was a member of the Congress of Deputies in the 1979/1982 legislature and Undersecretary of the Ministry of Territorial Administration. He has served as Director and Secretary of the Board in numerous companies such as Continental Hispánica, S.A. (a subsidiary of the US company Continental Grain), Continental Industrial del Caucho, S.A., FSC Servicios de Franquicia, S.A. and Continental Tyres, S.L. (Spanish subsidiaries of the German group Continental AG), Ercros, Banesto, etc. and, at present, he is Director-Secretary General of the ACS Group, and Director-Secretary of its main subsidiaries (Dragados, S.A., ACS Servicios Comunicaciones y Energía, S.A. and ACS Servicios y Concesiones, S.L.), and sitting on the Supervisory Board of Hochtief AG and the Board of CIMIC Group Limited. He is a practising attorney.

Total number of Executive Board members	3
% of total Board	20,00 %



## Comments

**PROPRIETARY AND EXTERNAL BOARD MEMBERS**

Name of Board member	Name or company name of significant shareholder represented or proposing appointment	Profile
Ms. MARÍA SOLEDAD PÉREZ RODRIGUEZ	ROSAN INVERSIONES, S.L.	Born in Madrid in 1943. She holds a Degree in Chemistry and a Degree in Pharmacy from the Universidad Complutense de Madrid. She has been a professor in colleges in Madrid and a technical advisor for GEBLASA, SA, a chemical products import and export company, and an associate pharmacist in the Pharmacy Office of Madrid (Oficina de Farmacia de Madrid). In addition to sitting on the board of ACS Actividades de Construcción y Servicios, SA, she also sits on those of its subsidiaries ACS Servicios Comunicaciones y Energía, SL and DRAGADOS, S.A.
Mr. JAVIER ECHENIQUE LANDIRÍBAR	CORPORACION FINANCIERA ALCOR, S.L.	Born in Isaba, Navarre in 1951. Graduate in Economic and Actuarial Sciences. Professional career: he has been a Director and General Director of Allianz-Ercos and General Director of the BBVA Group. He is currently a Director of Actividades de Construcción y Servicios (ACS) S.A. and of Grupo Empresarial ENCE S.A. He is also a trustee of the Fundación Novia Salcedo and Fundación Altuna Trusts. He is also a board member and deputy chair of Telefónica S.A.
Mr. MARIANO HERNÁNDEZ HERREROS	ROSAN INVERSIONES, S.L.	Born in Torrelavega, Cantabria in 1943. He graduated in Medicine and Surgery from the Complutense University where he specialised in Psychiatry. Professional career: He has developed all his professional activity as a psychiatrist at the López-Ibor clinic and is the author of numerous works in scientific publications and of papers at international conferences. He has sat on the boards of the Dragados Group, Iberpistas S.A. and Autopistas AUMAR, S.A., and is currently on the boards of Dragados, S.A. and ACS, Servicios y Concesiones, S.L.

Total number of proprietary Board members	3
% of total Board	20,00 %

**INDEPENDENT EXTERNAL BOARD MEMBERS**

Name of Board member	Profile
Mr. ANTONIO BOTELLA GARCÍA	<p>Born in Orihuela in 1947. He holds a degree in Law from the Universidad de Murcia, and he became a State Counsel in 1974. Professional career: He served as State Counsel at the Supreme Court, in the Revenue Service Delegation and at the Courts of Oviedo, in the Revenue Service Delegation and at the Courts of Albacete, in the Office of the President of the National Government attached to the Department of Parliamentary Relations, in the Legal Office of the Ministry of Transport, Tourism and Communications, and at the National High Court. He has also served as Technical General Secretary to the Ministry of Transport, Tourism and Communications, and to the Ministry of Agriculture, Fisheries and Food, while also having served as the Junior Secretary of the Ministry of Agriculture and Conservation. He has been Professor of Law at the Instituto de Empresa at the Universidad de Oviedo and at the Universidad a Distancia de Albacete. He has been a Lecturer in Law at the Business Institute of the University of Oviedo and at the Correspondence University of Albacete. He has also sat on the Boards of Caja Postal de Ahorros (subsequently Argentaria and now part of BBVA), AVIACO (subsequently merged with IBERIA LAE) and ALDESASA, and serving as Secretary to the Board in numerous companies. He is a practising Lawyer.</p>
Ms. CARMEN FERNÁNDEZ ROZADO	<p>She holds Licentiate in Business and Economic Sciences and in Political and Sociology Sciences from the Universidad Complutense de Madrid, and a PhD in Government Taxation from the same university. She has completed the Senior Management Program (PADE) at the IESE Business School (University of Navarre). Government Tax Inspector and Auditor. Professional career: She began her career in 1984 at the Ministry of Treasury, where she also held several positions at the State Tax Administration Agency. In 1999, she was appointed as a member of the Board of the National Energy Commission (Comisión Nacional de la Energía), a position she held until 2011. Since then, she has been an international consultant for the development and execution of business plans in Energy and Infrastructure in a variety of countries of Latin America and Asia. In 2012 and 2013 she was a member of the Advisory Board of EY; a member of the Advisory Board of Beragua Capital Advisory and, since April 2015, she has been a director and member of the Audit Committee of EDP (Energias de Portugal) in Lisbon, in addition to sitting on the board of Primafrío. She a professor at various Spanish and foreign universities and business schools, and the author of numerous Articles and publications on Taxation, Energy and Sustainability.</p>
Mr. EMILIO GARCÍA GALLEGO	<p>Born in Cabreiroá, Orense in 1947. Qualified as a civil engineer (Madrid 1971), he holds a Law Degree (Barcelona 1982) and has taken doctorate studies at the Universidad Politécnica de Catalunya. He has also completed the following official courses: Groundwater Hydrology at the School of Industrial Engineers of Barcelona; Management Improvement (1984-85) at the School of Public Administration of Catalonia; Coastal Engineering at the School of Civil Engineering of Catalonia (ETSICCP); and Port Engineering and Oceanographic Engineering at the School of Civil Engineering of Catalonia. His teaching activity has included the position of professor in charge of the 'Soil Mechanics and Special Foundations' course at the Barcelona School of Architecture (1974-82) and professor in charge of the doctorate course entitled 'Consolidation of soft and weak ground' at the Barcelona School of Architecture (1979-80). Professional career: Engineer for the River Policing Authority of the Eastern Pyrenees. Engineer for Fomento de Obras y Construcciones. Representative in the Catalonia region for the company 'Grandes Redes Eléctricas, S.A.' Secretary of the Ports Commission of Catalonia and Co-director of the Plan de Puertos de Catalunya. Director-General for Infrastructure and Transportation of the Galicia Regional Government. General Manager of Transport of the Catalan Regional Government. Deputy Director of the Sanitation Board and Deputy Director of the Water Board of the Regional Government of Catalonia. Director-General of Public Works of the Regional Government of Galicia and Chair of the Water Board of Galicia. Chair of the Entity Managing Railway Infrastructures, under the mandate of the Ministry of Development and in charge of building the entire High Speed railway infrastructure. Chair of the Ports of Galicia. Currently: Free practise of civil engineering.</p>

Ms. CATALINA MIÑARRO BRUGAROLAS	Born in Spain in 1963. She holds a degree in Law awarded in 1986 by the Universidad Complutense de Madrid, and she passed the examination to become a State Counsel in 1989. Professional career: currently on extended leave of absence, she served as State Counsel at the National High Court and at the Court of Auditors, in the Directorate General of the Treasury and Finance Policy, as Secretary to the Madrid Regional Financial and Administrative Tribunal, as State Counsel in the Ministry of Health and Consumer Affairs, and as State Counsel at the Madrid High Court of Justice. She has also served as Technical General Secretary to the Office of the Presidency of the Autonomous Community of Madrid, Chief Legal Officer of the State holding company Sociedad Estatal de Participaciones Estatales, Secretary to the Board of Sociedad Estatal de Transición al Euro, Secretary of the Board of Saeta Yield and a Director of Autoestradas de Galicia, S.A. Currently, she is an independent Board member of MAPFRE, S.A.
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ	Born in Veguellina de Órbigo, León in 1947. He graduated as a Civil Engineer from the Escuela Superior de ICCP de Madrid [Madrid School of Engineering], specializing in Transportation, Ports and Town Planning. Professional career: He began his professional career in 1972 in state engineering company INECO, where he held several positions until being appointed International Director. In 1988 he joined RENFE where he held various posts until in 2000 when he was appointed CEO of INECO. In 2002 he was appointed Chair and CEO of AENA, a post he held until 2004 when he was appointed Advisor to the Office of the Presidency of RENFE. He has also acted as an advisor to OCA, S.A., PROINTEC, COLLOSA, INCOSA, NATIONAL EXPRESS-ALSA and MENZIES AVIATION, and has been Chair of the Spanish consortium for the concession and operation of the high-speed Río de Janeiro-Sao Paulo-Campinas (Brazil) railroad.

Total number of independent Board members	5
Total % of the Board	33,33 %

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Comments

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Indicate whether any Board members qualifying as independent receive any sums or benefits, other than remuneration as a Board member, from the company or its group, or maintain or maintained, during the last financial year, a business relationship with the company or any company in its group, whether in their own name or as a significant shareholder, Board member or senior executive of an organisation that maintains or maintained such a relationship.

Where appropriate, include a reasoned statement from the Board on the reasons why it considers that these Board members can perform their duties as Independent Board members.

Director name	Description of the relationship	Reasoned statement
N/A		

### **OTHER EXTERNAL BOARD MEMBERS**

Se identificará a los otros consejeros externos y se detallarán los motivos por los que no se puedan considerar dominicales o independientes y sus vínculos, ya sea con la sociedad, sus directivos, o sus accionistas:

Name or company name of the Board member	Reasons	Company, executive or shareholder with whom there is a relation	Profile
Mr. JOAN DAVID GRIMÀ TERRÉ	Mr. Joan David GRIMÀ TERRÉ went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	Born in 1953 in Sabadell, Barcelona. He holds a Doctorate in Economics and Business Administration from the Universidades Autónoma de Barcelona (UAB), and has also studied in the US at Baylor University and Harvard Business School. Professional career: from 1982 to 1992, he worked at McKinsey & Co., where he was a partner. From 1992 to 2010 he was the General Manager of Banco Santander. In January 2002 he was appointed as Deputy Chair and Chief Executive Officer of the AUNA Group, a position that he held, in addition to his duties at Banco Santander, until November 2005. He is a Board member of ACS, Actividades de Construcción y Servicios, S.A, and of Cory Environmental Holdings Ltd. (UK). Chair of Diaconía España. He is a Trustee of the Pluralism and Coexistence Foundation (under the mandate of the Ministry of Justice), and a Board member of Golf La Moraleja. He has sat on the Boards of companies such as Antena 3TV, Teka, Banco Santiago (Chile), Banco Tronquist (Argentina).
Mr. PEDRO JOSÉ LÓPEZ JÍMENEZ	Mr. Pedro López Jiménez went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	Born in Málaga in 1942. Civil Engineer (graduated in 1965). Partial studies in Journalism and Social Sciences at the Instituto Social León XIII (1960-62). (ACNPD Grant). Program in Senior Business Administration (PADE) at the IESE Business School (1995-96). Awarded the Grand Cross of the Order of Isabel la Católica. Professional career: He has been: Director of Construcción Centrales Térmicas. Hidroeléctrica Española (1965/70); Board member and General Manager of Empresarios Agrupados; Board member of GHESA; Deputy-Secretary of MOPU, Director General of the Porta Authority; Board member of UE and ENHER; Board member of INI (1978/79); Chair of ENDESA (1979/82); Board member of ATLAS COPCO, SEMI, TECMED, CONTINENTAL AUTO, VIAS Y CONSTRUCCIONES, ENAMSA, TRACTEBEL ESPAÑA, HILATURA DE PORTOLIN; Chair of UNION FENOSA; Vice-President of INDRA; Board member of CEPSA; Board member of LINGOTES ESPECIALES; Chair and Board member of GTCEISU CONSTRUCCIÓN S.A. (TERRATEST Group); Board member of ENCE; Board member of KELLER GROUP, plc.; Member of the Board of the UNIVERSIDAD DE ALCALÁ DE HENARES; and Deputy Chair of the European Club Association (ECA). He is currently: Board member, Deputy Chair of the Executive Committee and Member of the Appointments Committee of ACS Actividades de Construcciones y Servicios S.A.; Deputy Chair of Dragados S.A.; Deputy Chair and Acting Chair of ACS Servicios y Concesiones S.A.; Deputy Chair of ACS Servicios, Comunicaciones y Energía; Chair of the Supervisory Board, of the Human Resources Committee, and of the Appointments Committee of HOCHTIEF; Member of the Board, of the Remuneration and Appointments Committee, and of the Ethics, Compliance and Sustainability Committee of CIMIC. Director and Chair of the Audit and Control Committee of ABERTIS INFRAESTRUCTURAS, S.A.; Member of the Board of Trustees and the Executive Board of the Museo Picasso Málaga; Deputy Chair of the Board of Trustees of the Royal National Library of Spain; Deputy Chair of Real Madrid Football Club.

Mr. MIGUEL ROCA JUNYENT	Mr. Miguel Roca Junyent went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	Born in 1940 in Cauderan, France. Degree in Law from the University of Barcelona. Doctor Honoris Causa from the Universities of Educación a Distancia, León, Girona, Cádiz, Universidad Europea de Madrid and Universidad Pontificia de Comillas, President of the Societat Econòmica Barcelonesa d'Amics del País. Life Sponsor of the Gala-Salvador Dalí Foundation. Founding Trustee of the Pro-Academy Foundation of the Royal Academy of Jurisprudence and Legislation. Member of the Board of the ACS Group since 2003. Director of Endesa (resigned in June 2021). Director of Aguas de Barcelona. Non-Director Secretary of the Board of Abertis Infraestructuras. Non-Director Secretary of the Board of Banco de Sabadell. Non-Director Secretary of TYPESA Non-Director Secretary of WERFENLIFE. Customer Ombudsman of the Catalana Occidente Group
Mr. AGUSTÍN BATUECAS TORREGO	Mr. Agustín Batuecas Torrego changed from being an executive director to an external director when the relationship that qualified him as an executive director was terminated.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	Born in Madrid in 1949. Civil Engineer. Professional career: Former CEO, Chair and Managing Director of Continental Auto S.A.; Chair and Managing Director of Continental Rail S.A. and Member of the Board of Grupo ACS Actividades de Construcción y Servicios S.A. since 1999.

Total number of external Board members	4
Total % of the Board	26,66 %

Indicate any changes in the category of each Board member during the period:

Name or company name of the Board member	Date of Change	Previous category	Current category
Mr. Agustín Batuecas Torrego	31/12/2021	Executive	Other External

C.1.4 Complete the following table with information relating to the number of women Board members at the close of the last four financial years, and the category of those Board members:

	Number of women Board members				% of total Board members of each category			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Proprietary	1	1	1	1	33,33%	33,33%	33,33%	25,00%
Independent	2	2	2	2	40,00%	40,00%	40,00%	40,00%
Other External	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Total:	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>20,00%</b>	<b>18,75%</b>	<b>17,65%</b>	<b>16,67%</b>

C.1.5 Indicate whether the company has diversity policies in relation to the Company's Board of Directors as regards matters such as age, gender, disability, or professional training and experience. Small and medium-sized entities must, in accordance with the Spanish Audit Act [*Ley de Auditoría de Cuentas*], report at least the policy they have established in relation to gender diversity.



Yes	No	Partial Policies
X		

If so, describe these diversity policies, their objectives, the measures and the manner in which they have been implemented and their results for the year. Also indicate the specific measures taken by the board of directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors. If the company does not apply a diversity policy, explain the reasons for not doing so.

Description of the policies, objectives, measures and the manner in which they have been implemented, and the results obtained

The ACS Group promotes the implementation and development of diversity and inclusion of all types of groups and sensitivities in the Group's various areas and levels, establishing the guidelines that should govern the Group's actions in matters of diversity. These guidelines are currently in place and have already been included in previous reports.

In this regard, the Diversity Policy of ACS and its Group, which remained in force in 2021, defines its objectives and commitments in the area of diversity, specifically including promoting the integration of people with diverse profiles in all business areas and levels of the Group; identification of talent in the hiring, promotion and incorporation processes within the Group; selection of professionals with alternative skills; generational diversity in the teams, encouraging collaboration between older and younger professionals; integration and inclusion of vulnerable groups; promotion of implementation of systems to measure progress in diversity; communication and extension of the commitment to diversity to all employees, suppliers, customers, administrations, social agents and other stakeholders; and the maintenance of neutral and inclusive language in internal and external communications. All of this is in line with ACS's Code of Conduct and Sustainability Policy.

In consonance with the Diversity Policy of ACS and its Group, the Board Regulations provide that the procedures for selecting its members must favour diversity with respect to issues such as age, gender, disability, and professional training and experience, without there being implicit biases that could imply any discrimination and, in particular, they must facilitate the selection of female directors to achieve a balanced presence of women and men, informing shareholders and markets through the appropriate channels.

In turn, under its Diversity Policy, the Board of ACS, in its capacity as the Group's parent company, continues to promote the dissemination and application of these principles and guidelines in the governing and management bodies of the Group's companies, ensuring the dissemination of the objectives, and measures adopted and the results.

As in previous years, ACS's Board has also maintained, with the support and collaboration of the Appointments Committee, a policy for re-electing board members based on coordinating the principles of representativeness with those of diversity and independence, taking into account Spanish and international good governance recommendations, and in this respect, particularly in ratifications and re-elections, ensuring the appropriate stability in the composition of the Board and its Committees so as to maintain the necessary suitability of the Board as a whole, preserving the experience and knowledge of those who have been serving as directors.

**C.1.6 Explain any measures, where appropriate, the Appointments Committee has decided to ensure that the selection processes do not suffer from implicit biases that might hinder the selection of women Board members and that the company deliberately seeks and includes women who meet the professional profile sought among the potential candidates, so as to achieve a balanced presence of women and men. Please also indicate whether these measures include encouraging the Company to have a significant number of women senior executives:**

Explanation of the measures

Article 3.2 of the ACS's Board Regulations expressly establishes that the Board must ensure that the procedures for selecting its members favour diversity with respect to matters such as age, gender, disability, professional training and experience, and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of female directors in a number that allows a

balanced presence of women and men, The Appointments Committee is responsible for proposing to the Board 'the policy on diversity on the basis of, among others, the criteria of age, disability, training, professional experience and gender, establishing the objectives in this respect'. In the Code of Conduct, the ACS Group expressly stipulates that 'we reject discrimination based on gender, and on the basis of age, religion, race, sexual orientation, nationality or disability'.

In this regard, the Appointments Committee promotes the inclusion of women among the potential candidates, ensuring that they have the appropriate professional profile and meet the objective criteria on merit and abilities.

The Company seeks to gradually increase the number of female and male directors and, in this regard, by reducing the number of Board members at the 2021 Annual General Meeting from 16 to 15 members, there has been an improvement in the gender balance on the Board.

When, in spite of the measures that have been adopted, where applicable, the number of women Board members and senior executives is few or zero, explain the reasons justifying this:

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Explanation of the reasons

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As stated above, the selection procedures for board members seek to facilitate the selection of female directors in a number that allows for a balanced presence of women and men, and in this regard, the Appointments Committee takes into account, among the various diversity criteria, the inclusion of women among the potential candidates when vacancies arise on the board.

However, since gender diversity is an essential issue taken into account in the selection processes, the Appointments Committee must also ensure other diversity criteria such as training, capacity and professional experience, which may be relevant due to the ACS Group's sectors of activity and its international nature, and must ensure that the candidates have the appropriate professional profile in accordance with the objective criteria of merit and capacity, while also assessing as a relevant criterion the candidates' prior knowledge of the Company itself, of its Group and of the sector to which it belongs, endeavouring to guarantee not only the individual suitability of the members of the Board but also the suitability of the Board and its Committees as a whole, in accordance with the legal requirements and recommendations of good governance in this respect, so that the inclusion of women may be done progressively, taking into account the plurality of diversity criteria, the suitability of the directors as a whole and the necessary stability in the governing bodies.

In this sense, the re-elections of two Board members that were submitted to the General Meeting held on 7 May 2021 must be framed within the overall framework of these criteria of suitability and diversity.

It should be noted in any case that, in the context of the reorganisation of the ACS Group, at the Ordinary General Meeting of 2021 the number of Board members was set at 15, thus increasing the percentage of female directors out of the total number of Board members and contributing to the gender balance on the Board.

As regards senior management, the percentage of female directors out of the total number of members of senior management currently stands at 14.8%, applying the various diversity criteria referred to above.

#### C.1.7 Explain the conclusions of the appointments committee on the verification of compliance with the policy aimed at favouring an appropriate composition of the board of directors.

As explained in the previous sections, ACS is committed to promoting diversity, taking into account, among other aspects or criteria, age, gender, training, capacity and professional experience. In this respect, the Board relies on the Appointments Committee to achieve an appropriate composition of the Board, and this Committee ensures compliance with the Diversity Policy. In this respect, the current composition of the Board as a whole is considered to be appropriate for the best performance of its duties, having taken into account the various suitability and diversity requirements.

C.1.8 If applicable, explain the reasons for appointing Proprietary Board members at the request of shareholders who have a holding of less than 3% of share capital.

Indicate whether any formal requests by a shareholder to have a Board member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request Proprietary Board members were appointed. In this case, explain the grounds for denying this request:

Yes	No
	X

C.1.9 Indicate any powers and authority the Board has delegated to directors and board committees, including those relating to the possibility of issuing and redeeming shares:

Director or committee name	Brief description
Mr. FLORENTINO PÉREZ RODRÍGUEZ	ALL POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE DELEGATED
COMISIÓN EJECUTIVA	ALL POWERS THAT CORRESPOND TO THE BOARD EXCEPT FOR THOSE THAT, BY LAW OR UNDER THE ARTICLES OF ASSOCIATION, ARE NON-DELEGABLE

C.1.10 Identify, if applicable, the Board members who hold office as directives, representatives of directors or executives at other companies forming part of the listed company's group:

Director name	Group company name	Position	Executive functions?
Mr. ANTONIO GARCÍA FERRER	DRAGADOS, S.A.	BOARD MEMBER	NO
Mr. ANTONIO GARCÍA FERRER	ACS SERVICIOS COMUNICACIONES Y ENERGÍA, S.L.	BOARD MEMBER	NO
Mr. ANTONIO GARCÍA FERRER	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	HOCHTIEF AG	MEMBER OF THE SUPERVISORY BOARD	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	DRAGADOS, S.A.	BOARD MEMBER/ SECRETARY	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	CIMIC GROUP LIMITED	BOARD MEMBER	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	ACS SERVICIOS COMUNICACIONES Y ENERGÍA, S.L.	BOARD MEMBER/ SECRETARY	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER/ SECRETARY	NO
Mr. JAVIER ECHENIQUE LANDIRÍBAR	ACS SERVICIOS COMUNICACIONES Y ENERGÍA, S.L.	BOARD MEMBER	NO
Mr. MARIANO HERNÁNDEZ HERREROS	DRAGADOS, S.A.	BOARD MEMBER	NO
Mr. MARIANO HERNÁNDEZ HERREROS	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	HOCHTIEF AG	CHAIR OF THE SUPERVISORY BOARD	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	DRAGADOS, S.A.	DEPUTY CHAIR	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	CIMIC GROUP LIMITED	BOARD MEMBER	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ACS SERVICIOS COMUNICACIONES Y ENERGÍA, S.L.	DEPUTY CHAIR	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ACS SERVICIOS Y CONCESIONES, S.L.	DEPUTY CHAIR AND ACTING CHAIR	NO

C.1.11 List any board memberships, directorships or proxies of those directors held by directors or representatives of directors on the company's board of directors in other companies, whether or not they are listed companies:

Identification of the director or representative	Name of listed company	Position
Ms. CATALINA MIÑARRO BRUGAROLAS	MAPFRE, S.A.	BOARD MEMBER
Ms. CARMEN FERNÁNDEZ ROZADO	ENERGÍAS DE PORTUGAL (EDP)	BOARD MEMBER
Ms. CARMEN FERNÁNDEZ ROZADO	PRIMAFRIO, S.A.	BOARD MEMBER
Mr. JAVIER ECHENIQUE LANDIRÍBAR	GRUPO EMPRESARIAL ENCE. S.A.	BOARD MEMBER
Mr. JAVIER ECHENIQUE LANDIRÍBAR	TELEFONICA, S.A.	DEPUTY CHAIR
Mr. MIGUEL ROCA JUNYENT	AIGUES DE BARCELONA	BOARD MEMBER
Mr. JOAN-DAVID GRIMÀ I TERRE	CORY ENVIRONMENTAL HOLDINGS LIMITED (UK)	BOARD MEMBER

Indicate, where applicable, any other remunerated activities of directors or representatives of directors, regardless of their nature, other than those indicated in the previous table.

Identification of the director or representative	Other remunerated activities
Mr. EMILIO GARCÍA GALLEGO	FREE PRACTISE OF CIVIL ENGINEERING
Mr. MIGUEL ROCA I YUNJET	NON-DIRECTOR SECRETARY OF TYPSPA
Mr. MIGUEL ROCA I YUNJET	NON-DIRECTOR SECRETARY OF WERFENLIFE
Mr. MIGUEL ROCA I YUNJET	CUSTOMER OMBUDSMAN OF THE CATALANA OCCIDENTE GROUP
Mr. MIGUEL ROCA I YUNJET	PRACTISING ATTORNEY
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ	ADVISOR TO THE CHAIR OF RENFE

C.1.12 Indicate, and if applicable, explain whether the Company has established any rules about the maximum number of company boards on which its board members may sit, if so identifying where this is regulated:

Yes	No
	X

C.1.13 Indicate the amounts of the items relating to the overall remuneration of the Board as follows:

Remuneration accrued by the Board in the year (thousands of euros)	17.369
Amount of funds accumulated by current directors under long-term savings schemes with consolidated economic rights (thousand euros)	86.474
Amount of funds accumulated by current directors under long-term savings schemes with unconsolidated economic rights (thousand euros)	0
Value of the pension rights accumulated by former directors under long-term savings schemes (thousands of euros)	0

Comments

C.1.14 Identify the Senior Executives who are not Executive Board members and indicate the total remuneration paid to them during the year:



Name or company name	Position
Mr. ÁNGEL MANUEL GARCÍA ALTOZANO	Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. ÁNGEL MANUEL MURIEL BERNAL	Deputy General Manager to the CEO of ACS, Actividades de Construcción y Servicios, S.A.
Ms. CRISTINA ALDÁMIZ-ECHEVARRIA GONZÁLEZ DE DURANA	Finance and Corporate Development Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. ALEJANDRO MATA ARBIDE	Administration Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. ALFONSO ESTEBAN MORENO GARCÍA	Chief Legal Officer of ACS, Actividades de Construcción y Servicios, S.A.
Mr. ENRIQUE JOSÉ PÉREZ RODRÍGUEZ	Natural person representing the Sole Director of Cogesa S.A.
Mr. SANTIAGO GARCÍA SALVADOR	Chief Executive Officer of Dragados, S.A.
Mr. LUIS NOGUEIRA MIGUELSANZ	Secretary General of Dragados, S.A.
Mr. RICARDO MARTÍN DE BUSTAMANTE VEGA	Director of Civil Works of Dragados, S.A.
Mr. GONZALO GÓMEZ-ZAMALLOA BARAIBAR	Director of Building of Dragados, S.A.
Mr. RICARDO GARCÍA DE JALÓN MORGA	Manager of Spain at Dragados, S.A.
Mr. JOSÉ ANTONIO LÓPEZ-MONÍS PLAZA	North American Director of Dragados
Mr. RAMÓN ASTOR CATALÁN	Manager of Latin America of Dragados, S.A.
Mr. FEDERICO CONDE DEL POZO	Manager for Europe of Dragados, S.A.
Mr. JOSÉ MARÍA AGUIRRE FERNÁNDEZ	Sole Director of Vías y Construcciones, S.A.
Mr. FRANCISCO REINOSO TORRES	Director of Administration and Finances, ACS Servicios y Concesiones, S.L.
Ms. NURIA HALTIWANGER	Chair of Iridium, Concesiones de Infraestructuras, S.A.
Mr. DAVID CID GRUESO	Director of Administration of Iridium, Concesiones de Infraestructuras, S.A.
Mr. CARLOS ROYO IBÁÑEZ	Operations Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. CRISTÓBAL VALDERAS ALVARADO	Natural person representing the Sole Director of Clece, S.A.
Mr. JAVIER ROMÁN HERNANDO	General Manager of Clece, S.A.
Mr. RAÚL GUTIERREZ RODRÍGUEZ	Administration and Finance Manager of Clece, S.A.
Ms. PURIFICACIÓN GONZÁLEZ PÉREZ	Head of Human Resources of Clece, S.A.
Mr. EUGENIO LLORENTE GÓMEZ	Chair of ACS Servicios Comunicaciones y Energía, S.A.
Mr. JOSE LUIS MARTINEZ DALMAU	General Manager of ACS Servicios Comunicaciones y Energía, S.A.
Mr. JOSÉ ALFONSO NEBRERA GARCÍA	General Manager of ACS Servicios Comunicaciones y Energía, S.A.
Ms. AÍDA PÉREZ ALONSO	Head of the Legal Department of ACS Servicios Comunicaciones y Energía S.A.

Number of women in senior management positions	4
Percentage of total senior executives	14,8 %

Total Senior Executive remuneration (thousand euros)	23.526
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## Comments

C.1.15 Indicate whether any amendments have been made to the Board Regulations during the year:

Yes	No
X	

## Description of amendments

The Spanish Promotion of Long-Term Shareholder Engagement in Listed Companies Act 5/2021 of 12 April [*Ley de fomento de la implicación a largo plazo de los accionistas en las sociedades cotizadas*], which transposed into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amended, among other regulations, the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July. On this basis, at its meeting of 16 December 2021 the Board approved the amendment of its Regulations to expressly incorporate certain matters amended in the Corporate Enterprises Act, while introducing certain technical or drafting clarifications.

C.1.16 Indicate the procedures for selection, appointment, re-election, and removal of Board members. List the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The procedures for the selection, appointment, re-election and removal of the Board members of the Company are regulated in the Board Regulations. The Board comprises a minimum of 11 and a maximum of 21 members. Within this limit, the Company's Board will (subject to a report from the Nomination Committee) propose to the General Meeting of Shareholders both the number of Directors and the appointment or re-election of the persons to be appointed, except in the case of independent Directors, who must be nominated by the Appointments Committee. The nominations must state the category of the Directors proposed and in all cases must be accompanied by a report from the Board justifying the appointment, and assessing the competence, experience and merits of the candidate, in accordance with the diversity criteria generally contemplated in the Diversity Policy (Articles 3 and 5 of the Board Regulations).

In addition, if vacancies arise, the Board may provisionally fill them by appointing directors by co-option until the next General Meeting, following a report or at the proposal of the Appointments Committee based on the director's category, applying the above procedures and criteria in this regard. If any vacancy arises after the General Meeting has been called but before it is held, the Board may appoint a Board member until the following General Meeting is held. The directors appointed this way by the Board need not necessarily be a shareholder of the Company (Article 3 of the Board Regulations).

In turn, the Board must, with the collaboration and support of the Appointments Committee, ensure that the selection procedures for its members favour diversity as regards matters such as age, gender, disability or training and professional experience and are not affected by any implicit bias that may entail any kind of discrimination and, in particular, that they facilitate the selection of women directors in a number that allows a balanced presence of women and men to be achieved, taking into account in this regard the criteria established in the Company's Diversity Policy.

The appointment of the Board members will expire when their term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year. However, Proprietary Board members must resign when the shareholder they represent fully disposes of its shares by any means (Article 13 of the Board Regulations).

Board members must also report and, if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, any criminal proceedings in which they are under investigation, and of their procedural developments (Article 14 of the Board Regulations).

**C.1.17 Explain to what extent the annual assessment of the Board led to significant changes to its internal organisation and to the procedures applicable to its activities.**

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Description of amendments

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Pursuant to Article 9 of the Board Regulations, ACS's Board evaluates its functioning on an annual basis.

An external advisor assisted in the self-assessment process of the Board conducted in 2021 with respect to the year 2020, which included questionnaires and personal interviews with Board members.

The self-assessment process concluded that the size of the Board remains ample, although it has been progressively reduced over the last three years. The size of the Board does not hinder decision-making, as intensive preparatory work is carried out in the Executive Committee and in the Audit Committee. In this respect, the directors believe the Board has an adequate composition in view of the ACS Group's decentralised governance model.

Likewise, and in relation to the functioning of the Board and its Committees, the perception of the directors is very positive, with several of them highlighting the progress that has taken place in recent years. There is unanimous recognition of the efficiency of the Board promoted by its Chair and, especially, the work carried out by the Secretary of the Board, and it is particularly noted that the directors have easy and regular access to the executive directors and the top managers, and the executive directors and senior managers are available to deal with any doubts or questions that the directors may have.

On the other hand, the assessment of 2021, which includes questionnaires and personal interviews with the members of the Board, is currently in progress. In any case, the result of the assessment will be reported in next year's Annual Corporate Governance Report.

**Describe the evaluation process and the areas evaluated that have been carried out by the board of directors assisted, if applicable, by an external consultant, with respect to the functioning and composition of the board and its committees and any other area or aspect that has been subject to evaluation.**

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Description of the evaluation process and areas evaluated

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The Board carries out an annual evaluation of its functioning and of that of its Committees (Executive Committee, Audit Committee, Appointments Committee and Remuneration Committee), in which each director fills out an extensive written survey sent by the Secretary of the Board to all its members and to those of the respective Committees. After that, the results, the evolution of their perception of the Board and its Committees and the measures to be adopted, if any, to improve their functioning are discussed individually with each of the members of the Board.

As noted above, an external advisor assisted in the self-assessment process of the Board conducted in 2021 with respect to the year 2020, which included questionnaires and personal interviews with Board members. Among other issues, the composition of the Board and its Committees, its organisation and functioning, and the performance of responsibilities by the Board and its Committees and by the Chair of the Board, the Chief Executive Officer and the Secretary General Director were assessed. As a result of the self-assessment process, a work plan was developed to make progress on the various areas of improvement identified by the directors.

Likewise, the 2021 evaluation process, currently underway, includes having the directors fill out questionnaires and personal interviews with the members of the Board. In any case, the result of the process will be reported in next year's Annual Corporate Governance Report.

C.1.18 Breakdown, in those years in which the evaluation was assisted by an external consultant, of the business relations that the consultant or any company in its group maintains with the company or any company in its group.

The external consultants who collaborated in the Company's evaluation process do not have personal or family relationships with the Company's directors, nor are they significant shareholders, nor are there any conflicts of interest that could undermine their objectivity.

C.1.19 Indicate the cases in which Board members must resign.

Under Article 13 of the Board Regulations, proprietary directors must resign from the Board when the shareholder they represent fully disposes of its shares by any title.

Similarly, under Article 14 of the Board Regulations, they must report, and if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, any criminal proceedings in which they are under investigation, and of their procedural developments. After having been informed or otherwise learned of the matter, the Board will examine the case as soon as possible and, having regard to the specific circumstances, will decide, following a report from the Appointments Committee, whether to take any action, such as opening an internal investigation, requesting the resignation of the Director or proposing the Director's removal.

C.1.20 Are qualified majorities, other than statutory majorities, required for any type of decision?

Yes	No
	X

C.1.21 State whether there are specific requirements, other than those related to Board members, to be nominated as Chair.

Yes	No
	X

C.1.22 Indicate whether the Articles of Association or the Board Regulations set any age limit for Board members:

Yes	No
	X

C.1.23 Indicate if the Articles of Association or the Board Regulations establish a limited mandate or other additional requirements stricter than legal requirements for independent board members, aside from what is laid down in the regulations:

Yes	No
	X

C.1.24 Indicate whether the Articles of Association or the Board Regulations establish specific rules for delegating other directors as proxies on the Board, the form of doing so and, in particular, the maximum number of delegations that a Board member can hold, and any limitations established with regard to the classes of Board member to whom votes may be delegated above and beyond the legal restrictions established. Where applicable, give a brief description of these rules.

Under Article 11 of the Board Regulations, and without prejudice to their obligation to attend Board meetings, directors who may not personally attend a meeting may be represented at the meeting and cast their vote by delegating it to another Director. This delegation must be in writing to the Chairman and must be in the form of a letter, email or any other written means that acknowledges receipt by the addressee. Non-executive Board members may only delegate their votes to other non-executive Directors.

C.1.25 Indicate the number of meetings that the Board held during the year. In addition, indicate the number of times the Board has met without the presence of the Chair, if applicable. In this calculation, Board members who have granted proxies without specific instructions will be considered to present:

Number of Board meetings	8
Number of board meetings without the presence of the chairman	0

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive directors:

Number of meetings	0
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Indicate the number of meetings held during the year by the different board committees:

Number of executive committee meetings	11
Number of audit committee meetings	6
Number of appointments committee meetings	1
Number of remuneration committee meetings	1

C.1.26 Indicate the number of meetings held by the Board during the year and the information on attendance by its members:

Number of meetings attended by at least 80% of the directors	8
In person attendance as a % of the total votes during the year	98,37
Number of meetings attended by all directors in person or by proxy with specific instructions	7
% of votes cast in person and by proxy with specific instructions out of the total votes during the year	98,37

C.1.27 Indicate whether the individual and consolidated financial statements are certified before being presented to the Board for formulation:

Yes	No
X	

Identify, if applicable, the person(s) who certified the company's individual and consolidated financial statements for authorisation by the Board:

Name	Position
ÁNGEL MANUEL GARCÍA ALTOZANO	DIRECTOR GENERAL CORPORATIVO

C.1.28 Explain any mechanisms established by the Board so that the financial statements submitted by the Board to the shareholders at the General Meeting are prepared in accordance with accounting regulations.

As established in Article 25 of the Board Regulations, the Audit Committee will meet as many times as convened by its Chair and, in any case, it must coincide with the initial and final phases of the audit of the Company's financial statements and the consolidated financial statements of its Group of Companies, before the issuance of the corresponding auditors' reports, and upon the process of preparing financial reporting packages which must be made public by the Company.

The Company's Auditor attends the Audit Committee meetings when expressly convened to present the most significant aspects of the audits carried out, which also allows the Committee to verify sufficiently in

advance the existence of differences of criteria between the Company's and its Group of Companies' accounting policies and the interpretation of their Auditor.

In addition, the functions of the Audit Committee include:

- To report to the General Meeting on all matters arising within the mandate of the Committee and, in particular, on the result of the audit, explaining how the audit contributed to the integrity of the financial information and the role that the Committee played in that process.
- To oversee and evaluate the preparation and presentation of the financial and non-financial information of the company and where applicable, that of the group, while reviewing the compliance with regulatory requirements and ensuring the adequacy of the consolidation scope defined and the appropriate application of accounting criteria, and in particular knowing, understanding and overseeing the efficiency of the internal financial information control system (IFICS). The Committee may present recommendations or proposals to the Board to safeguard the integrity of the financial information.
- To first report to the Board on the financial information and directors' report, which will include, where appropriate, the mandatory non-financial information that the Company must periodically publish.
- To ensure that the Annual Financial Statements that the Board submits to the General Meeting are drawn up in accordance with accounting regulations and that, in cases where the auditor has indicated a reservation in its report, the Chair of the Audit Committee explains its content and scope with clarity in the General Meeting in the opinion of the Audit Committee, placing a summary of their opinion at the shareholders' disposal when the meeting call is published, together with the other proposals and reports.

#### C.1.29 Is the Secretary of the Board a Board member?

Yes	No
X	

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of external auditors, and any mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practise.

The mechanisms established by the Company to preserve the independence of its external auditors, financial analysts, investment banks and rating agencies are framed in the functions of the Audit Committee included in Article of the 25 Board Regulations.

Regarding the auditor, Article 25 of the Board Regulations expressly stipulates that the Audit Committee's duties include establishing the appropriate relationships with the external auditor for the purpose of receiving information on any matter which may jeopardize the respective independence, for the examination of the Committee, and any other matters relating to the development process of the financial auditing, and when applicable authorise the services other than those which are prohibited, under the terms provided for in the applicable regulations, in addition to any other notification provided for under Spanish laws regarding financial auditing and technical auditing standards. In any event, the Audit Committee must obtain from the external auditor, its annual statement of independence in relation to the company and other entities directly or indirectly related to it, and information on any additional services of any kind provided and the fees received by the external auditor or by any persons or entities related with it, in accordance with the prevailing laws governing financial auditing.

Regardless of the above, the auditor regularly reports to the Audit Committee on the work carried out aside from auditing the financial statements in accordance with the Company's current policy, since it has a Corporate Procedure for Compliance with Auditor Independence, which aims to establish the framework for the ACS Group within which the Company's legal auditor is authorised to provide non-audit services and establishes the procedure that must be complied with to allow the approval of the services that may be considered admissible. This policy applies to any entity that is part of the ACS Group, regardless of the jurisdiction in which the entity is domiciled.

The Audit Committee is also responsible for making proposals to the Board as regards the selection, appointment, re-selection or replacement of the external auditor, while undertaking the selection process, and the conditions of the respective contracting, for which purpose it must: (i) define the auditor selection procedure; (ii) issue a reasoned proposal that will contain at least two alternatives for the selection of the auditor, except for the re-election of the auditor; (iii) regularly obtain information from the external auditor on the audit plan, its implementation and any other issues related to the audit process, in particular any discrepancies that may arise between the auditor and the Company's management, in addition to preserving its independence in the exercise of its duties; (iv) ensure that the remuneration of the external auditor for its work does not compromise its quality or independence, and establish a guiding limit on the fees that the auditor may receive annually for non-audit services; (v) ensure that the Company and the external auditor comply with current rules on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules on auditor independence; and (vi) make a final assessment of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial information.

In turn, the Audit Committee, which is responsible for relations with the Company's external auditors, must refrain from proposing to the Board, which in turn must refrain from submitting to the General Meeting, the appointment as auditor of any audit firm that is involved in any cause of legal incompatibility.

C.1.31 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditors:

Yes	No
	X

C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group and, if so, state the amount of fees received for that work and the percentage this amounts represents of the audit fees billed to the company and/or its group:

Yes	No
X	

	Society	Group companies	Total
Amount of other non-audit work (thousands of euros)	424	960	1.384
Amount of other non-audit work/ Audit services amount (as a %)	202,9 %	12,8 %	17,9 %

Comments

C.1.33 Indicate whether the Auditors' report on the financial statements for the previous year had any reservations. If applicable, indicate the reasons given to shareholders at the General Meeting by the Chair of the Audit Committee to explain the content and scope of these qualifications.

Yes	No
	X



Explanation of the reasons and direct link to the document made available to shareholders at the time of the call in relation to this matter

C.1.34 Indicate the number of uninterrupted years that the current auditing firm has audited the separate and consolidated financial statements of the company. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

	Separate	Consolidated
Number of uninterrupted years	3	3

	Separate	Consolidated
Number of years audited by current auditing firm /Number of years that the company or its group has been audited (as a %)	9,38%	9,38%

Comments

B.1.35 Indicate and if applicable provide details of any procedure for Board members to obtain the information required to prepare for the meetings of the administrative bodies with sufficient time:

Yes	No
X	

Detail of procedure

In the performance of their duties, the Company's Directors have the duty to demand and the right to obtain from the Company the appropriate and necessary information to discharge their obligations. Unless the Board has been convened or has been exceptionally called for reasons of urgency, the Directors must have the information they need sufficiently in advance for deliberation and the adoption of resolutions on the matters to be discussed and in the appropriate format (Articles 17 and 22.2[c] of the Board Regulations).

Without prejudice to the above right to information, directors are also entitled to seek external advice when they consider it necessary for the proper performance of their duties, expressly envisaged in the Board Regulations as regards Board Committee members (Articles 25, 27 and 28), which must be understood as generally applicable to all Board members in relation to the exercise of their duties. Requests not only for information but also for external advice from directors will be channelled through the Secretary of the Board.

C.1.36 Indicate and, where applicable, specify whether the company has established rules that require directors to report and, where applicable, resign when situations affect them, whether or not related to their actions in the company itself, that may harm its credit and reputation:

Yes	No
X	

Explanation of rules

Articles 14 and 15 of the Board Regulations regulate the general duties of care and loyalty of directors in exercising the functions inherent to their position. In particular, Article 14.2(f) stipulates that directors must

report and, if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, any criminal proceedings in which they are under investigation, and of their procedural developments. After having been informed or otherwise learned of the matter, the Board will examine the case as soon as possible and, having regard to the specific circumstances, will decide, following a report from the Appointments Committee, whether to take any action, such as opening an internal investigation, requesting the resignation of the Director or proposing the Director's removal. This must be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes, without prejudice to the information that the Company must disclose, if appropriate, at the time the corresponding measures are adopted. Likewise, Article 14(2)(e) establishes that directors must take the necessary measures to avoid incurring in situations in which their interests may conflict with the Company's corporate interests and their duties to the Company.

In accordance with the above, Article 15(3) of the Board Regulations specifies the obligation for directors to report to the Board any direct or indirect conflicts of interest that they or persons related to them may have with the Company's interest.

C.1.37 Indicate, unless special circumstances have arisen that have been recorded in the minutes, whether the Board has been informed of or has otherwise become aware of any situation affecting directors, whether or not related to their work in the company itself, that may harm its credit and reputation:

Yes	No
	X

C.1.38 Detail the significant agreements entered into by the Company that will come into force, be modified or terminate in the event of a change in control over the Company resulting from a takeover bid, and the effects thereof.

The issue by ACS, Actividades de Construcción y Servicios, S.A., on 8 June 2020, under its Euro Medium Term Note Programme (EMTN) bond issue programme, which was approved by the Central Bank of Ireland, of notes in the Euromarket amounting to EUR 750 million. This issue with a maturity of five years was disbursed on 17 June 2020 and has an annual coupon of 1.375%. The Notes are listed on the Irish Stock Exchange.

C.1.39 Identify individually for directors and cumulatively for all other cases, and indicate, in detail, the agreements between the Company and its executives and officers or employees who have termination benefits, guarantee or golden parachute clauses, when they resign or are dismissed unfairly or the contractual relationship ends due to a takeover bid or other type of operation.

The General Meeting is considered to have been informed of the clauses to the extent mentioned in the Annual Remuneration Report submitted for consultative approval by the Annual General Meeting. Directors, both executive and non-executive, are not entitled to compensation if their duties as such directors are terminated.

Indicate whether these contracts have to be disclosed to and/or approved by the bodies of the Company or of its Group beyond what is required by law. If yes, specify the procedures, cases envisaged and the nature of the bodies responsible for their approval or making the communication:

	Board	General Meeting
Body authorising the clauses	X	

	YES	NO
Is the General Meeting informed about the clauses?	X	

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Comments

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## C.2 Committees of the Board

C.2.1 Detail all the Committees of the Board, their members and the proportion of executive, proprietary, independent and other external Board members on them:

Executive Committee		
Nombre	Position	Category
Mr. FLORENTINO PÉREZ RODRÍGUEZ	CHAIR	Executive
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	DEPUTY CHAIR	Other External
Mr. ANTONIO GARCÍA FERRER	BOARD MEMBER	Executive
Mr. JAVIER ECHENIQUE LANDIRÍBAR	BOARD MEMBER	Proprietary
Ms. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent

% Executive Board members	40%
% Proprietary Board members	20%
% Independent Board members	20%
% Other External Board members	20%

Explain the functions delegated or attributed to this Committee other than those already described in section C.1.9, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it exercised each of the functions attributed to it in practise, whether by law or under the Articles of Association or other corporate resolutions.

The Executive Committee exercises, by delegation of the Board, all the powers corresponding to the Board except those that, by law or the Company's Articles of Association, cannot be delegated. Nevertheless, the Board may delegate its authority to hear and decide upon any matter under its competence and, for its part, the Executive Committee may submit decisions on any matter to the Board, if even though it is a matter under its competence, it deems it necessary or expedient for the Board to decide upon it.

The Committee will meet as often as called by its Chair, at the Chair's own initiative or at the request of at least two of its members. It will be held convened when the majority of its members attend, present or represented, and unless the legislation in force, the Company's Articles of Association or the Board Regulations provide otherwise, it will pass its regulations by majority vote of those attending, present or represented.

The Secretary of the Board is appointed as Secretary of the Committee and may speak but may not vote.

Insofar as deemed necessary, and with the necessary adaptations, the operation of the Executive Committee will be governed by the Board Regulations regarding its operation.

In 2021, the Executive Committee met 11 times, analysing the Company's financial information exhaustively, and it made decisions in the different areas of its competence, particularly in relation to the Goals and Strategies to be followed in its business.

<b>Audit Committee</b>		
Name	Position	Category
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ	CHAIR	Independent
Mr. EMILIO GARCÍA GALLEGO	BOARD MEMBER	Independent
Ms. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	Independent
Ms. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Proprietary
Ms. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent

% Executive Board members	–
% Proprietary Board members	20%
% Independent Board members	80%
% Other External Board members	–

Explain the functions, including, where appropriate, those in addition to those legally envisaged, attributed to this Committee, and describe the procedures and rules of its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it exercised each of the functions attributed to it in practise, whether by law or under the Articles of Association or other corporate resolutions.

The Audit Committee has the following functions:

In relation to the oversight of financial and non-financial information:

a. To report to the General Meeting on all matters arising within the mandate of the Committee and, in particular, on the result of the audit, explaining how the audit contributed to the integrity of the financial information and the role that the Committee played in that process.

b. To oversee and evaluate the preparation and presentation of the financial and non-financial information of the company and where applicable, that of the group, while reviewing the compliance with regulatory requirements and ensuring the adequacy of the consolidation scope defined and the appropriate application of accounting criteria, and in particular knowing, understanding and overseeing the efficiency of the internal financial information control system (IFICS). The Committee may present recommendations or proposals to the Board to safeguard the integrity of the financial information.

c. To first report to the Board on the financial information and directors' report, which will include, where appropriate, the mandatory non-financial information that the Company must periodically publish.

d. To ensure that the Annual Financial Statements that the Board submits to the General Meeting are drawn up in accordance with accounting regulations and that, in cases where the auditor has indicated a reservation in its report, the Chair of the Audit Committee explains its content and scope with clarity in the General Meeting in the opinion of the Audit Committee, placing a summary of their opinion at the shareholders' disposal when the meeting call is published, together with the other proposals and reports.

In relation to the oversight of internal controls and internal audits:

e. To oversee the effectiveness of the Company's internal controls, ensuring that the internal control policies and procedures in place are applied effectively in practice, and that of the internal audit, while discussing any significant weaknesses in the internal control system identified during the performance of the audit with the statutory auditor, all of which must be done without compromising its independence, while providing its conclusion on the level of its trust in and reliability of the system. To this end, as the case may be, it may make recommendations or proposals to the Board and define the corresponding time-frame allowed for follow-up.

f. To oversee the independence of the department that undertakes the internal audit; propose the selection, appointment and removal of the head of the internal audit department; propose the budget for the service; approve its guidance and the annual audit work plan, while ensuring that its activities are directed principally towards key risks (including reputational risks); receive regular information on internal activities; ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration; and annually assess the performance of the internal audit department, and the performance of the duties by the respective individual in charge of it.

g. To establish and oversee a whistle-blowing mechanism that lets employees and others related to the Company, such as Board members, suppliers, contractors and subcontractors, confidentially report any potentially significant violations, including those of a financial or accounting nature, or of any other nature, in relation to the Company that they may observe in the Company and its group, by receiving periodic reports on its performance, while having the power to suggest timely actions for improvement and to reduce the risk in the future.

As pertains to the oversight of risk management and control:

h. To supervise and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and its group, including operational, technological, legal, social, environmental, political and reputational risks and those related to corruption.

i. To re-assess, at least annually, the list of the most significant financial and non-financial risks and assess the respective level of risk tolerance, while proposing, where appropriate, the corresponding adjustment to the Board. For these purposes, the Committee will hold, at least annually, a meeting with the heads of the business units in which they will explain the business trends and associated risks.

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

In relation to the external auditor:

k. To make proposals to the Board as regards the selection, appointment, re-selection or replacement of the external auditor, while undertaking the selection process, and the conditions of the respective contracting, for which purpose it must:

1. define the process for selection of the auditor; and
2. issue a justified proposal that will contain at least two alternatives for the selection of the auditor, except in the case of the auditor's re-appointment.

l. To obtain regular information from the external auditor on the audit plan, its execution and any other issues related to the financial auditing process, in particular any discrepancies that may arise between the statutory auditor and the Company's management, in addition to preserving its independence while performing its functions.

m. To establish the appropriate relationships with the external auditor for the purpose of receiving information on any matter that may jeopardise the respective independence, for the examination of the Committee, and any other matter relating to the development process of the financial auditing, and when applicable authorise the services other than those which are prohibited, under the terms provided for in the applicable regulations, in addition to any other notification provided for under Spanish laws regarding financial auditing and technical auditing standards.

In any event, the Audit Committee must obtain from the external auditor, its annual statement of independence in relation to the company and other entities directly or indirectly related to it, and information on any additional services of any kind provided and the fees received by the external auditor or by any persons or entities related with it, in accordance with the prevailing laws governing financial auditing.

n. To issue a report on an annual basis, in advance of the issuance of the audit report, expressing an opinion on whether the independence of the statutory auditor has been maintained. This report will in any case address the reasoned assessment of each and all of the services referred to in the preceding paragraph, considered both individually and as a whole, and the system in place to assure auditor independence and compliance with prevailing audit regulations.

ñ. To examine the circumstances and reasons in the event of resignation of the external auditor.

o. To ensure that the remuneration of the external auditor's work does not compromise quality or independence, in addition to establishing a guideline cap on the fees that the auditor may receive annually for services other than auditing.

p. To oversee reporting by the company of any change of auditor through the CNMV, and to ensure that it is accompanied by a statement as regards the possible existence of disagreements with the outgoing auditor, if any, and their content.

q. To ensure that the external auditor holds an annual meeting with the whole Board to report on the audit work carried out and on the evolution of accounting matters and the risks to which the company is exposed.

r. To ensure that the Company and the external auditor respect prevailing regulations governing the provision of services other than audit, the limits on the concentration of the auditor's business and the terms of regulations governing auditor independence in general.

s. To perform a final assessment of the auditor's actions and to what extent contributions were made to the quality of the audit and the integrity of the financial information.

Other duties:

t. To report on connected-party transactions that must be approved by the General Meeting or the Board and supervise the internal procedure established by the Company for those whose approval has been delegated by the Board in accordance with the applicable regulations.

u. To report to the Board on all matters where so required by Law, the Articles of Association and the Board Regulations, in particular as regards:

1. the financial conditions, accounting impact and, as the case may be, exchange equation concerning transactions involving structural and corporate changes that the Company plans to carry out; and
1. the creation or acquisition of investments in special purpose vehicles registered in countries or territories listed as tax havens.

In addition, the Committee is responsible for the following functions in relation to corporate governance and sustainability in environmental and social matters:

- Supervision of compliance with corporate governance rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and relates to small and medium-sized shareholders will also be monitored.
- Regular evaluation of the suitability of the Company's system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.

- Supervision to ensure that the Company's environmental and social practices comply with the defined strategy and policy.
- Supervision and evaluation of processes affecting different stakeholder groups.

The Audit Committee will only be deemed to be constituted when the majority of its members attend and it will pass its resolutions by a majority vote of those attending, with the Chair having the tie-breaking vote in the event of a tie. The Audit Committee meets as often as it may be convened by the Chair, and in any event it meets at the beginning and end of the audit of the Company's and the Group's individual and consolidated financial statements, and before the issue of the pertinent audit reports. The Committee also meets on the occasion of the preparation of the mandatory financial information which the Company is required to publish. The Company's Auditor and the internal auditor attend meetings of the Audit Committee where specifically invited to explain key issues arising from the audit procedures carried out. The Committee may also convene any Company employee or manager, even ordering their appearance without the presence of another senior executive, and also insist that other persons attend their sessions, though only by invitation of the Chair of the Committee, and only to address those specific points of the agenda which they are called to explain, provided the matter at hand justifies such a measure. In particular, the minutes of the Committee meetings will include the entries and exits of the various guests and, except in specific cases, the appropriate justification of which must be included in the minutes, the guests may not attend the deliberation and voting phases of the Committee.

The Secretary to the Board attends the Committee's meetings, acts as its Secretary, with entitlement to participate but not to vote, and writes up the Minutes of the meeting, which are forwarded to all members of the Board following their approval.

To the extent necessary and with the natural adaptations, the provisions of these Regulations relating to the functioning of the Board will apply to the functioning of the Audit Committee.

In 2021, the Audit Committee met six times and carried out, amongst others, the following functions within the scope of its duties:

a) In relation to financial and non-financial information and the associated mechanisms of internal controls.

In relation to the periodic financial information, the Audit Committee reviewed all quarterly financial information before its submission to the Spanish Securities and Exchange Commission ('CNMV'), and that which is published under 'Other Relevant Information'.

This review applies to information contained in the official formats of the CNMV and to the information that the Company reports to the CNMV for the publication of its quarterly results, which serves to verify that the information stated therein is coherent, while analysing the rationality of the criteria applied and the accuracy of its figures.

In particular, in the framework of this function, the Audit Committee, at its meetings on 25 February and 31 March 2021, with the active presence of the external auditors and that of the Corporate General Manager, examined the individual and consolidated financial statements for 2020 and, considering the information provided by the external auditors, issued a favourable report on those financial statements.

In relation to the non-financial information for 2020, in its meeting of 31 March 2021, the Committee examined the non-financial information included in the 2020 Directors Report.

Also, in regards to the individual and consolidated financial statements for the first quarter and the first half of 2021, the Audit Committee in its meetings held on May 13 and July 27, with the presence of the external auditors and the Corporate General Manager, proceeded to examine those statements and reported favourably. In turn, at the meeting of November 11, the Audit Committee examined and issued a favorable opinion on the individual and consolidated financial statements for the first three quarters of 2021.



b) In relation to risk management and controls.

To respond to the need for global and homogeneous risk management, the Company has established a risk management model which includes the identification, assessment, classification, evaluation, processing and monitoring of risks at the Group level and that of the operational Divisions. When these risks have been identified, a risk schedule is prepared which is updated regularly based on the different variables involved and the types of activities in which the Group is involved, assessing them on the basis of the respective impact and the probability of occurrence. In particular, at its meeting held on 25 February, the Audit Committee reported favourably on the Group's Risk Map prepared with the assistance of an external advisor.

To this end, the effectiveness of the risk control systems are assessed and verified periodically by the internal audits of the production units and by the Corporate Internal Audit of ACS, which contributes to the management of the general risks the Group faces in achieving its objectives. The alerts, recommendations and conclusions generated are reported both to Group Management and to the heads of the business segments and companies assessed.

Based on the foregoing, during the 2021 period, the Audit Committee oversaw the effectiveness of the internal controls of the Company, of the Internal Audit and the risk management systems, identifying and analysing the risks and monitoring the financial and non-financial indicators of the main companies of each of the business areas.

In particular, at its meeting held on 31 March, the Audit Committee approved the 2020 tax memorandum submitted by the Director of the Company's Tax Department, prepared in accordance with the Code of Good Tax Practices, which refers to the 2020 tax expense and the ACS Group's tax situation.

Likewise, at the meeting held on 16 December 2021, the Director of the Tax Department presented the 2020 Tax Transparency Report to the Committee.

c) In relation to the Internal Audit.

The ACS Group's Internal Corporate Audit functions are carried out by the Company's Internal Audit Department, which coordinates the internal auditing of the Group's various business segments. The Corporate Internal Audit Department is included in the organizational structure as a body reporting hierarchically to the General Management and functionally to the Audit Committee of the Board of ACS.

As a result of its work, the internal audit departments of the Group companies issue a written report which summarizes the work carried out, the situations identified, and the action plan including, where applicable, the timetable and persons responsible for correcting the situations identified, along with opportunities for improvement. These reports are sent to the head of the business area and to General Management.

Annually, the Corporate Internal Audit Department submits an Activities Report to the Audit Committee which contains a summary of the activities carried out and the reports prepared during the year, and an update on the main significant aspects and recommendations contained in the various reports.

In the meeting of the Audit Committee held on 25 February 2021, the Corporate Internal Audit Department, within the framework of its functions, submitted the 2020 Internal Audit Activities Report and the Internal Audit Plan for the 2021 period to the Audit Committee.

Likewise, during the 2021 period, the Corporate Internal Audit Department presented to the Audit Committee, at the meetings held on 25 February, 13 May, 27 July and 11 November, a summary of the reports prepared and the status of the internal audits of the respective business areas. The reports submitted to the Committee also included the conclusions of all the internal audits.

d) In relation to the External Auditor.

In compliance with the functions that have been attributed in relation to the external auditor, the Audit Committee holds meetings with the External Auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year before their approval, and before the meeting held by the Board to prepare both the full annual individual financial statements of the Company and those of its consolidated Group. The external auditor was present at the meetings of 13 May and 27 July and reported on the main characteristics of those financial statements.

Moreover, at the meeting of 16 December, the external auditor presented the 2021 Audit and Strategy Plan.

In compliance with the exercise of its functions, during the 2021 period, the Audit Committee also ensured the independence of the External Auditor in the performance of its duties, having established the appropriate relations with it in order to ensure that they have not incurred cases of incompatibility or abstention, and prohibitions, and that any threat to its independence was adequately identified and evaluated, applying, where appropriate, the adequate measures to safeguard against such an occurrence.

Within the framework of the provisions of Article 25 of the Board Regulations, at the meeting of the Audit Committee on 31 March 2021, the external auditor of the Company informed the Audit Committee of its statement of independence, which contained:

The Audit Committee has not been aware, either through its internal procedures or through the communications from its auditor, of any aspect that has posed a significant threat to the auditor's independence.

e) In relation to supervising compliance with the Company's environmental, social and corporate governance policies and rules, and internal codes of conduct.

Within the framework of the duties assigned to it for the oversight of the compliance with corporate governance rules, the Audit Committee at the 31 March 2021 session reviewed and unanimously agreed to report favourably on the Annual Corporate Governance Report for the 2020 period.

Likewise, within the framework of the entry into force of Law 5/2021, at its meeting on 16 December 2021, the Audit Committee reported favourably on the proposed amendment to the Board Regulations for the purpose of, inter alia, introducing a new article on connected-party transactions, modifying the conflict of interest rules and the dispensation rules or adapting the powers of the Audit Committee, the Appointments Committee and the Remuneration Committee to Law 5/2021, and on the amendment of the auditor's independence policy and the approval of the Corporate Governance Policy.

Within the framework of the Audit Committee's function of supervising and monitoring the ACS Group's Compliance, the Committee reported favourably at its meeting of 31 March on the Annual Monitoring Report of the Compliance Committee and at its meeting of 27 July 2021, it resolved to take note of the second quarter 2021 report on the activities of the Compliance Committee.

Furthermore, the Committee approved, within the framework of the function of supervising compliance with internal codes and the sustainability policy at the meeting held on 27 July 2021, an update to the ACS Group's Code of Conduct. Likewise, at the proposal of the CISO and in performance of the Cybersecurity Plan, the Committee approved the 2021-23 Information Security Master Plan and amended the Information Security Policy. The Committee also approved the new Whistleblower Channel Operating Policy, thus eliminating the Code of Conduct Monitoring Committee and its Regulations and assigning its powers to the Compliance Committee.

In line with the above, at the above meeting held on 27 July 2021, the Committee approved the amendment of all the organisation's policies on the functioning of the Whistleblower Channel; and the amendment of the Criminal Compliance and Anti-Bribery Policy.

On the other hand, at the meeting held on 16 December 2021, the Sustainability Master Plan, prepared with the advice of an independent external advisor, was presented to the Committee.

Lastly, at its meeting of 16 December 2021, the Committee reported favourably on the Compliance Committee's 2021 proposal.

g) In relation to the monitoring of the action plans of the Committee itself.

Article 9 of the Board Regulations establishes that the Board must perform an annual evaluation of the functioning of its Committees based on the reports they submit to the Board. To this end in the session on 31 March, the Chair of the Committee submitted the Report on the Committee's activities during the 2020 period for consideration.

h) In relation to other functions of the Committee.

At its meeting of 16 December 2021, the Committee agreed to issue a favourable opinion on the proposed delegation in relation to the second implementation of the flexible dividend authorised by the General Meeting held on 7 May 2021.

Indicate the Board members appointed to a seat on the Audit Committee in view of their knowledge and expertise in accounting and audit matters or both, and indicate the date that the audit committee chair was appointed to this position.

Name of directors with experience	Ms. CARMEN FERNÁNDEZ ROZADO, Ms. CATALINA MIÑARRO BRUGAROLAS and Mr. JOSÉ ELADIO
Date of chair's appointment to position	31/03/2021

Appointments Committee		
Name	Position	Category
Ms. CATALINA MIÑARRO BRUGAROLAS	CHAIR	Independent
Mr. JAVIER ECHENIQUE LANDIRÍBAR	BOARD MEMBER	Proprietary
Ms. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent
Mr. JOAN DAVID GRIMÀ TERRÉ	BOARD MEMBER	Other External
Mr. MARIANO HERNÁNDEZ HERREROS	BOARD MEMBER	Proprietary
Mr. PEDRO LÓPEZ JÍMENEZ	BOARD MEMBER	Other External

% Executive Board members	–
% Proprietary Board members	33,33%
% Independent Board members	33,33%
% Other External Board members	33,33%

Explain the functions, including, where appropriate, those in addition to those legally envisaged, attributed to this Committee, and describe the procedures and rules of its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it exercised each of the functions attributed to it in practise, whether by law or under the Articles of Association or other corporate resolutions.

In relation to the composition of the Board:

a. To evaluate the capabilities, expertise and experience required by the Board. For these purposes, the Appointments and Remuneration Committee will define the necessary skills and abilities of the candidates to cover any vacancy and will evaluate the time and dedication required to discharge the related duties effectively, ensuring that non-executive Board members have sufficient time available to perform their duties properly.

To this end, the Committee must prepare and periodically update a matrix with the necessary skills of the Board that defines the aptitudes and expertise of the candidates for the Board, especially those of executive and independent directors.

b. To propose the diversity policy to the Board based on the criteria of age, disability, education, professional experience: and gender, among others, establishing the objectives.

c. To verify the Board members' categories each year.

In relation to selecting Directors and Senior Managers:

d. To make proposals to the Board for the appointment of independent Board members by co-option or by approval at the General Meeting, and proposals for the re-election or removal of those Board members by the General Meeting.

e. To make proposals for the appointment of other Board members by co-option or by approval at the shareholders' General Meeting, and proposals for the re-election or removal of those Board members by the General Meeting.

f. To make proposals for the appointment or removal of Senior Executives, especially those who will form part of the Group's Management Committee, and to propose the basic conditions of their contracts, in coordination, where necessary, with the Remuneration Committee.

g. To periodically verify the criteria for selecting Board members.

In relation to Board members' positions:

h. To make proposals for appointing the Chair, and the case being, the Deputy Chair of the Board.

i. To make proposals for appointing the Chair, and the case being, the Deputy Chair of the Board.

j. To make proposals, where necessary, for the appointment of the Coordinating Board member.

k. To examine and organize the succession of the Chair of the Board and of the Chief Executive Officer of the Company and, if applicable, to make proposals to the Board for such succession to occur in an orderly and well-planned fashion, drawing up a succession plan.

Other duties:

l. To lead, in coordination with the Chair of the Board and with assistance from the coordinating Board member where applicable, the Board's annual evaluation of its functioning and composition, its Committees and the Board members of the Company.

m. To periodically design and organise knowledge update programmes for the Board members, in coordination where necessary with the Remuneration Committee.

n. To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the Committee.

To the extent necessary and with the natural adaptations, the provisions of the Board Regulations relating to the functioning of the Board will apply to the functioning of the Appointments Committee.

The Appointments Committee meets when convened by the Chair, at least three times a year. It is deemed duly convened when the majority of its members are present, and it passes resolutions by majority vote, with the Chair having the deciding vote in the event of a tie.

The Secretary of the Board attends the Committee's meetings and acts as its Secretary, with entitlement to participate but not to vote, and writes up the Minutes of the meeting, which are forwarded to all members of the Board following their approval.

In 2021 the Appointments Committee met on one occasion, having taken decisions in the various areas under its competence. The Appointments Committee performed significant activities during the 2021 period including:

As regards the appointment or re-election of Board members who are Independent Directors, it is the Appointments Committee's role to make proposals for the appointment of Board members by co-option or by approval at the General Meeting, and proposals for the re-election or removal of such Board members by the General Meeting.

As part of this duty to inform, in its meeting of 31 March 2021, the Appointments Committee resolved, with the abstention of the Members affected in each case, to issue a favourable report on the re-election proposals to ACS's General Meeting for Carmen Fernández Rozado and José Eladio Seco Domínguez as Independent Directors.

The Appointments Committee also reported favourably on the Company's 2020 Annual Corporate Governance Report and on the Committee's 2020 Activities Report.

<b>Remuneration Committee</b>		
Name	Position	Category
Mr. ANTONIO BOTELLA GARCÍA	CHAIR	Independent
Mr. EMILIO GARCÍA GALLEGÓ	BOARD MEMBER	Independent
Ms. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Proprietary
Mr. MIGUEL ROCA JUNYENT	BOARD MEMBER	Other External
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ	BOARD MEMBER	Independent

% Executive Board members	–
% Proprietary Board members	20%
% Independent Board members	60%
% Other External Board members	20%

Explain the functions, including, where appropriate, those in addition to those legally envisaged, attributed to this Committee, and describe the procedures and rules of its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it exercised each of the functions attributed to it in practise, whether by law or under the Articles of Association or other corporate resolutions.

The Remuneration Committee has the following functions:

a. To report to the Board on policy regarding the remuneration of directors and general managers or other persons discharging senior management functions and reporting directly to the Board, executive committees or Executive Board members, and to verify compliance with the policy established.

b. To report to the Board on the individual determination of the remuneration of each Director as such within the statutory framework and the remuneration policy, and on the individual determination of the remuneration of each Director for the performance of the executive functions attributed within the framework of the remuneration policy and in accordance with the Director's contract.

c. To propose the individual remuneration and other contractual conditions of executive directors, and to propose the basic conditions of the contracts of senior executives as regards remuneration, in coordination, as necessary, with the Appointments Committee, verifying that they are consistent with current remuneration policies.

d. To make proposals for long-term plans that may be established in accordance with share value, such as stock option plans.

e. To periodically review the remuneration policy applied to Directors and Senior Executives, including share-based remuneration systems and their application, and to ensure that their individual remuneration is proportionate to what is paid to other Directors and Senior Executives of the Company.

f. To verify the information on remuneration of Directors and members of the management team contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

g. To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the Committee.

The Remuneration Committee meets when convened by its Chair, at least twice a year. It is deemed duly convened when the majority of its members are present, and it passes resolutions by majority vote, with the Chair having the deciding vote in the event of a tie.

The Secretary to the Board attends the Committee's meetings and acts as its Secretary, with entitlement to participate but not to vote, and writes up the Minutes of the meeting, which are forwarded to all members of the Board following their approval.

Insofar as deemed necessary, and with the natural adaptations, the operation of the Executive Committee will be governed by the provisions of the Company's Articles of Association or the Board Regulations regarding the operation of the Board.

In 2021 the Remuneration Committee met on one occasion, having taken decisions in the different areas within its scope. Among other matters,

At its meeting of 31 March 2021, the Remuneration Committee reported favourably on the 2020 Annual Report on the Board's Remuneration, prepared in compliance with the provisions of section 541 Corporate Enterprises Act and in the format approved by the CNMV for these proposes.

ACS's Remuneration Committee was also informed by the Secretary on the variable remuneration of the members of the Company's Management Committee and, after analysing this information, the Committee unanimously resolved to report favourably on the variable remuneration corresponding to the members of the Company's Management Committee for approval by the Board.

The Committee was also informed of the new tax regime applicable to pension contributions and analysed the effects of this on the remuneration of Group directors.

The Committee reported favourably on the amendment of the ACS, Servicios Comunicaciones y Energía Board Resolution of 17 January 2019 to adapt it to the new applicable tax regime.

Also, pursuant to Article 28.11 of the Board Regulations, the Committee passed the 2020 Committee Activities Report for subsequent submission to the Board.

C.2.2 Complete the following table with information relating to the number of women Board members on the Committees of the Board at the close of the last four years.

	Number of women Board members							
	2021		2020		2019		2018	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	20,00%	1	16,67%	0	0,00%	0	0,00%
Audit Committee	3	60,00%	3	60,00%	3	60,00%	3	60,00%
Appointments Committee	2	33,33%	2	33,33%	2	28,57%	2	28,57%
Remuneration Committee	1	20,00%	1	20,00%	1	20,00%	1	16,67 %

C.2.3 Indicate, if applicable, if there are Board Committee Regulations, where they can be consulted and any amendments made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

The Board Committees are governed by Articles 19 to 23 of the Articles of Association and Articles 23 to 28 of the Board Regulations. Both documents are available on the corporate website, [www.grupoacs.com/gobierno-corporativo](http://www.grupoacs.com/gobierno-corporativo).

The Board Regulations were amended by the Board on 16 December 2021 to essentially adapt them to the reform introduced by Law 5/2021, of 12 April, amending the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial rules, as regards promoting the long-term engagement of shareholders in listed companies.

In 2021 the annual reports on the activities of the Audit, Appointments and Remuneration Committees were prepared voluntarily, which were made available to shareholders on the ACS website when the Annual General Meeting was called



## D. CONNECTED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

***D.1 Explain, where applicable, the procedure and bodies competent to approve transactions with connected parties and intra-group transactions, specifying the institution's general internal criteria and rules governing the abstention obligations of the directors or shareholders affected and specifying the internal reporting and periodic control procedures established by the company in relation to those connected-party transactions whose approval has been delegated by the Board.***

Under Article 18 of the Board Regulations, the Board is responsible for hearing and approving, following a report from the Audit Committee, any transactions that the Company or its subsidiaries carry out with directors, with shareholders holding 10% or more of the voting rights or represented on the Company's Board or with other persons considered to be connected parties in accordance with the Law ('Connected-Party Transactions'), unless they must be approved by the General Meeting. The General Meeting will approve Connected-Party Transactions whose amount or value is equal to or greater than ten percent of the total assets in accordance with the latest balance sheet approved by the Company. The Board will approve the other Connected-Party Transactions, and it may not delegate this competence except for Connected-Party Transactions between Group companies that are carried out in the field of ordinary management and on an arm's length basis, and Connected-Party Transactions that are arranged under contracts with standard terms that are applied en masse to a large number of customers, are carried out at prices or rates established in general by the person acting as supplier of the goods or service in question, and the amount of which does not exceed 0.5% of the Company's net turnover. The Audit Committee must issue a report before approval by the General Meeting or by the Board of a Connected-Party Transaction. In this report, the Committee must assess whether the transaction is fair and reasonable from the Company's point of view and, where appropriate, from that of shareholders other than the connected party, and report on the assumptions on which the assessment is based and the methods used.

***D.2 Detail individually any significant transactions, in terms of their amount or relevant subject matter, between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the Company's Board, indicating which body is competent to approve them and whether any affected shareholder or director abstained. If the Board has competence, indicate whether the proposed resolution has been approved by the Board without being voted against by a majority of the independent directors:***

Name of shareholder or of any of its subsidiaries	% Ownership	Name of company or of any of its subsidiaries	Nature of the relationship	Type of transaction and other information necessary for its assessment	Amount (thousands of euros)	Body that approved it	Identification of significant shareholder or director that abstained	Proposal to the Board, if any, passed by the Board without a majority of independent directors voting against it.

### Comments

No transactions were carried out that could be considered significant in terms of their amount or relevant subject matter.

**D.3 Detail individually any significant or relevant transactions carried out by the company or its subsidiaries with the Company's directors or executives, including those transactions carried out with entities that the director or manager controls or jointly controls, and indicating the competent body for approval and whether any affected shareholders or directors abstained. If the Board has competence, indicate whether the proposed resolution has been approved by the Board without being voted against by a majority of the independent directors:**

Name of the directors or officers or of their controlled or jointly controlled entities	Name of company or of any of its subsidiaries	Relationship	Nature of the transaction and other information necessary for its assessment	Amount (thousands of euros)	Body that approved it	Identification of the shareholder or director who abstained	Proposal to the Board, if any, passed by the Board without a majority of independent directors voting against it.
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Comments

In 2021, in accordance with the criteria established by law and in the Company's internal corporate rules, no connected-party transactions were approved.

**D.4 Individual report on significant intra-group transactions, in terms of their amount or relevant subject matter, carried out by the company with its parent company or with other entities belonging to the parent's group, including the subsidiaries themselves of the listed company, unless no other connected party of the listed company has interest in those subsidiaries or they are fully owned, directly or indirectly, by the listed company. In any case, report any intragroup transaction carried out with entities established in countries or territories considered to be tax havens:**

Corporate name of the group entity	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
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Comments

In 2021, in accordance with the criteria established by law and in the Company's internal corporate rules, no connected-party transactions were approved. In 2021, no intragroup transactions were carried out with entities established in countries or territories considered to be tax havens.

**D.5 Detail individually any significant or relevant transactions carried out by the company or its subsidiaries with other connected parties under the international accounting standards adopted by the EU that have not been reported under the above headings.**

Connected party name	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
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Comments

Not applicable

**D.6 Detail the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, executives or significant shareholders or other connected parties.**

Article 15 of the Board Regulations specifically regulates the duty to prevent conflicts of interest and obliges Board members to refrain from the following:

- i. Transactions with the Company, except for those that are exempt in accordance with Article 16 of the Regulations or approved in accordance with the Law and Article 18 of the Regulations in relation to Connected-Party Transactions.
- ii. Using the Company's name or invoking the condition of Board member in order improperly to influence private transactions.
- iii. Using corporate assets, including confidential information belonging to the Company, for private purposes.
- iv. Taking advantage of the Company's business opportunities.
- v. Receiving benefits or compensation from third parties outside the Company and its group associated with the discharge of the office of director, unless they consist merely of items.
- vi. Undertaking any activities either personally or on behalf of any third party that might result in effective competition, whether actual or potential, with the Company, which might otherwise give rise to any permanent conflict of interests with the Company.

This abstention obligation also applies if the beneficiary of the acts or activities is a person related to the Director. The following will be considered persons connected to Directors:

- i. A Board member's spouse or persons with a like affective relationship.
- ii. The ancestors, descendants and siblings of any Board members and of their spouses.
- iii. The spouses of a Board member's ancestors, descendants or siblings.
- iv. The Companies or entities in which the Director directly or indirectly holds, including through an interposed person, a shareholding that confers a significant influence on them or on their parent company, a position on the management body or in senior management. For these purposes, any shareholdings equal to or greater than ten percent of the share capital or voting rights in relation to which it has been possible to obtain, in fact or in law, a proxy in the Company's management body is assumed to have significant influence.
- v. The shareholders represented by the Director on the Board.

In any event, Board members must notify the Board of any situation of conflict of interests, whether direct or indirect, which they or their related parties might have with the Company.

Any situations of conflict affecting Board members will be disclosed in the Annual Report in accordance with current legislation.

***D.7 Indicate whether the company is controlled by another company within the meaning of section 42 Commercial Code, whether listed or not, and whether it has, directly or through its subsidiaries, business relationships with that company or any of its subsidiaries (other than those of the listed company) or carries on activities related to those of any of them.***

Yes	No
	X

## E. RISK CONTROL AND MANAGEMENT SYSTEMS

### *E.1 Explain the scope of the Company's financial and non-financial risk control and management systems, including those related to taxes.*

The ACS Group's geographic and business diversification, together with its highly decentralised operations and the autonomous management that characterises the ACS Group companies, makes it necessary for it to have a dual system for risk control and supervision. In this corporate framework for Risk Control and Management, each business unit or company may develop their own, consistent with the Group's guidelines. This dual system therefore implies that each level of management is ultimately responsible for complying with the internal rules and procedures applicable to them, both in the parent company and in each of its investees.

The General Risk Control and Management Policy, approved on 29 July 2016 and updated by the Board of the Group's parent company, on 17 December 2020 to comply with Recommendation 45 of the Code of Good Governance of June 2020, is the regulatory framework that the Group provides for the integrated control and management of the risks to which it is exposed.

Section 5.1 of the Policy identifies all the risks included in the financial and non-financial analysis methodology, and section 6 establishes that the structure of the Group's different risk control and management policies is based on the processing and communication of financial, non-financial and corporate economic information, covering, among other issues, those relating to regulatory and tax compliance, social issues, human rights, the environment, sustainability, diversity, anti-corruption, market abuse, competition, cybersecurity and corporate governance.

The Board and those responsible for the different operational areas or divisions of the Group will take the necessary measures to disseminate, train and comply with the above Policy in the ACS Group, allocating the necessary resources to do so.

Likewise, at its meeting held on 25 February 2021, the Board approved the update of the ACS Group's General Risk Map in compliance with Recommendation 45 of the Code of Good Governance of listed companies. The defined risks, which were a total of 40, are classified as follows:

- i. Strategic: Risks associated with key long-term objectives of the Business and the ACS Group; they may arise from the Group's own actions, from other key market participants (customers, competitors, regulators, investors or others), from changes in the competitive setting or from the business model itself.
- ii. Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.
- iii. Technological: Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.
- iv. Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group across the jurisdictions in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.
- v. Social: Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, and the socio-economic setting in which it operates.
- vi. Environmental: Risks linked to potential environmental impacts, including climate change, which could cause harm to society, the environment and the Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.

vii. Reputational: Risks linked to the deterioration of the image and perception of the ACS Group, which may result from conduct by the companies that falls below the expectations created among its stakeholders, by the actions of third parties related to the Group or in other areas over which the Group has no control.

viii. Financial: Risks related to the economic and financial management of the Business and the ACS Group, the variability of the financial parameters to which it is exposed and the financial reporting processes.

ix. To assess the risks, the differentiation between the inherent risks of residual risks was taken into account, taking into consideration the control and management mechanisms currently in place in the Group to address risks. They are assessed in terms of probability, rating their impact as high, medium and/or low.

Finally, it should be noted that in the Map, in accordance with the risk management methodology, the rating considers the priority aspects from a Group Management perspective (and, therefore, this is not to be understood as a list of weaknesses or threats that are not adequately covered). In other words, the aim is to expose those risks of concern to the Group as high/high risks, both in terms of their probability and their impact.

A review the Risk Map was considered necessary, to allow a detailed analysis of the specific risks derived from climate change. The aim was to do this without requiring any changes to the classification used for the rest of the risks subject to ongoing monitoring by the ACS Group. After an exhaustive analysis, it was possible to identify the potential short-term, medium-term, and long-term risks derived from climate change, as 11 transitional risks (divided into legal, market, technological, and reputational risks) and 6 physical risks (divided into acute and chronic risks).

Accordingly, Article 25(6)(h) of the Board Regulations, amended on 16 December 2021 to adapt them to the Spanish Promotion of Long-Term Engagement of Shareholders in Listed Companies Act [Ley de fomento de la implicación a largo plazo de los accionistas en las sociedades cotizadas], stipulates, in dealing with the functions of the Audit Committee in relation to the supervision of risk management and control, that it will be the responsibility of this Committee to supervise and assess the effectiveness of the financial and non-financial risk management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational risks and risks related to corruption. Accordingly, Article 26 of the Board Regulations establishes, as regards the powers of this Committee in matters of corporate governance and sustainability in environmental and social matters, that the Audit Committee will supervise compliance with the Company's environmental, social and corporate governance policies and rules, and with internal codes of conduct, with the following functions attributed to it:

- a) Supervision of compliance with corporate governance rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and relates to small and medium-sized shareholders will also be monitored.
- c) Regular evaluation of the suitability of the Company's system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.
- d) Supervision to ensure that the Company's environmental and social practices comply with the defined strategy and policy.
- e) Supervision and evaluation of relations processes with the different stakeholders.

## Scope

The General Risk Management and Control Policy is applicable in all ACS Group companies over which the parent company has effective control, within the limits established in the regulations applicable to the

regulated activities carried out by the Group in the different countries in which it is present. Listed investees and their respective subsidiaries are, as a result of their special situation, subject to the regulations of the regulatory bodies applicable to them and, therefore, have their own risk policies approved by their competent bodies. In any case, these risk policies must comply with the principles set out in the ACS General Risk Management and Control Policy.

The ACS Group includes Hochtief, A.G., which is a company listed on the German securities market, and that in turn has a majority shareholding in CIMIC, which in turn is listed on the Australian securities market. Both companies have implemented their own risk and internal control management system in accordance with the laws regulating these companies. These companies and the subgroup of which they are dominant companies also have their own Audit Committees with functions similar to those of ACS. Therefore, the ACS Group's General Risk Management and Control Policy affects those activities carried out by Hochtief or CIMIC, to the extent that they are already covered by its own risk control systems.

The General Risk Control and Management Policy affects, as a regulatory framework, all areas of the ACS Group. The Comprehensive Risk Control and Management System covers all types of risk that may threaten the attainment of the objectives of the Parent and of the ACS Group companies.

Through this Policy, the Parent and the ACS Group companies agree to develop all their capacities so that risks of all kinds are adequately identified, measured, prioritised, managed and controlled.

### **Basic principles**

The ACS Group is subject to various risks inherent to the respective countries, activities and markets in which it operates, and to the activities it carries out, which could impede or even prevent it from achieving its goals and executing its strategies successfully.

Aware of how important this issue is, the Organisation's Board is committed to developing all of its skills so that the relevant corporate risks of all of the Group's activities and businesses are adequately identified, measured, prioritised, managed and controlled, and to define the basic mechanisms and principles to properly control and manage them through the General Risk Control and Management Policy with a risk level that allows for:

- a. integration of the approach to risk into the management of the Parent through the definition of the risk strategy and risk level;
- b. achievement of the strategic objectives established by the group with controlled volatility;
- c. preservation of strict separation of functions between the areas that manage risk and the areas responsible for risk analysis, control and supervision, providing an adequate level of independence;
- d. transparently providing information to the regulators and principal stakeholders on the risks of the Group and its operating units, and on the operation of the systems developed to control the information;
- e. providing the highest possible level of guarantees to shareholders;
- f. protecting the results and the reputation of the Group;
- g. defending the interests of shareholders, customers and other stakeholder groups in the progress of the Parent and society in general;
- h. ensuring business stability and financial strength in a sustained manner over time;
- i. ensuring the use of appropriate instruments to mitigate the impact of risks in accordance with the requirements of applicable legislation; and



j. compliance with the applicable legal and regulatory requirements, and the values and standards of conduct reflected in the ACS Code of Conduct and the principles and best practices of the Group, aimed at the principle of 'zero tolerance' towards unlawful acts and fraud.

### ***E.2 Identify the Company bodies responsible for preparing and executing the financial and non-financial Risk Control and Management System, including tax risk management.***

The Board of the Group's parent company is responsible for establishing the General Risk Management and Control Policy as a framework document that makes it possible to identify the basic principles and regulations for the control and management of risks of the parent company and the other investees with autonomous management and to maintain adequate internal control systems, and to monitor these systems on a regular basis.

All executives and teams responsible for ACS Group operations and support processes are responsible for implementing this Policy in their management field, and for coordinating their risk response actions with those other departments and businesses affected, where applicable.

The Board is assisted by the Audit Committee which supervises and reports on the adequacy of the system for the assessment and internal control of relevant risks in coordination with the Internal Audit and Management of the different divisions of the Group. Within this framework, the functions and responsibilities of the areas involved in risk management are established as follows:

#### **Board**

The Board of ACS is the body responsible for approving the Group's General Risk Management and Control Policy and establishing the acceptable level of risk at any given time. These different areas also include the management of financial, non-financial and tax risks.

In addition, it must supervise the Integrated Risk Management and Control System, ensuring that the main risks are identified, managed and kept at the planned levels.

#### **Audit Committee**

The Audit Committee is responsible for supporting the Board in relation to the supervision and periodic assessment of the Group's integrated system of risk, financial and non-financial control and management, and specifically:

- a. To supervise and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and its Group, including operational, technological, legal, social, environmental, political and reputational risks and those related to corruption.
- b. To re-assess, at least annually, the list of the most significant financial and non-financial risks and assess the respective level of risk tolerance, while proposing, where appropriate, the corresponding adjustment to the Board. For these purposes, the Committee will hold, at least annually, a meeting with the heads of the business units in which they will explain the 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.

In addition, the Audit Committee is responsible for ensuring the independence of the unit that assumes the internal audit function.

#### **Management Committee**

The ACS Group Management Committee--which is made up of the Chair of the Board and CEO, the Deputy Chair of the Board, the Corporate General Manager, the Secretary General and the Chief Executive Officer



for Industrial Services--defines the basic guidelines, the framework for action and establishes the management, monitoring and reporting mechanisms that ensure the maintenance of risks within the levels approved by the ACS Board.

The Management Committee is also the highest level of operational decision-making for the implementation of corrective measures for each of the risks.

### Compliance Committee

The Compliance Committee, which reports to the Board's Audit Committee, develops, implements and supervises the functioning and operational effectiveness of the general compliance management system of the ACS Group, covering the areas of criminal compliance and anti-bribery, market abuse, Human Rights, Competition, privacy and data protection, taxation, cybersecurity, and all issues included in the consolidated non-financial statement of the ACS Group and those relating to compliance with the Company's internal codes of conduct, supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information and the assessment and periodic review of the environmental and social policy.

The new Corporate Governance Policy approved by the Board on 16 December 2021 thus stipulates that the Company has equipped itself with a Global Compliance Management System to implement a model that, respecting the Group's highly decentralised management structure, allows the Audit Committee of the Board of the Spanish listed parent company to monitor and assess the effectiveness of the 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, and compliance with the parent's duty of care as regards its subsidiaries through a dual risk control system in the various compliance areas. A continuous process of interacting between organisational elements is thus defined to establish Policies, Objectives and Processes so that it can efficiently and sustainably comply with its obligations in the long term, generating evidence of the organisation's commitment to compliance and taking into account the needs and expectations of all its stakeholders.

Through the general compliance management system, the ACS Group gives the members of the organisation, its business partners and stakeholders assurance of transparent management of financial, non-financial and corporate information, which makes it possible to generate shared value in the Group and reinforce stable and trusting relationships with all stakeholders. The Group also ensures the promotion and control of ethical and integrity issues, by means of measures to prevent, detect and eradicate corruption and other unlawful conduct.

The Compliance Committee is responsible for analysing breaches and proposing corrective actions and sanctions in the Parent. Each division in the ACS Group has its own Compliance Committee and implements its own compliance management model, which is supervised through an average control monitoring model by the Parent's Compliance Committee to observe the high level of decentralisation and autonomy in management by subsidiaries. To promote the adoption of their own compliance management model by subsidiaries, which can be understood as robust, ACS's Parent implements a double control system:

- a) Implementation and development of a homogeneous reporting system for subsidiaries that aims to ensure that all Group subsidiaries have a certified compliance management system or, at least, one that can be understood as certifiable. This system will make it possible to detect those subsidiaries that have deficiencies and that do not reach the minimum level of homogeneity of the group. This will include a risk control system represented by the subsidiaries as a whole that, in turn, will make it possible to detect where there is greater vulnerability to indirect risks from subsidiaries.
- b) Half-yearly monitoring to detect cases where breaches or infringements have been reported or risks materialised or carried out, 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.).

With this information, it can operate with the indirect risks arising from the subsidiaries, implementing and developing a second line of internal control, in addition to the specific systems of the subsidiaries.

This allows medium-intensity control without daily involvement in the compliance management of the subsidiary that is based on a system of reports from the subsidiary to the Parent. The standardised reporting system at the group level makes it possible to argue that the Parent has due control over its subsidiaries to avoid the Parent's liability, promoting the adoption of their own compliance management systems in subsidiaries.

This model provides the advantage that, by respecting the management characteristics of the ACS Group, it allows a double line of defence since, even if it can be concluded that the model or system of the subsidiary is not effective or appropriate, it could be argued that that of the Parent is effective and, therefore, there is a separate additional defence argument aside from defending the compliance management system of the subsidiary that advocates demarcating the responsibility of the Parent from that of the subsidiary.

For these purposes, a tool designed in 2019 was corrected and enhanced in 2020 and 2021, called GLOBAL COMPLIANCE REPORT, which includes the following sections:

- I. Criminal compliance and anti-bribery obligations.
- II. Compliance personnel and responsibilities
- III. Business partners. External care and risk assessment
- IV. Compliance training and reporting
- V. Controls, targets and resources
- VI. Audit and monitoring
- VII. Whistleblower channel
- VIII. Breaches, analyses and corrective actions
- IX. Defence of Competition
- X. Cybersecurity
- XI. Sustainable finance
- XII. Human Rights
- XIII. Taxes

The GLOBAL COMPLIANCE REPORT, which is sent by the Group's subsidiaries every six months, is supplemented by the ACS Group's risk and criminal and anti-bribery matrix, which includes both the risks to which the individual listed company is exposed due to its own activity and the risk to which it is indirectly exposed through the criminal risks of the activities of its subsidiaries.

### Corporate Internal Audit

The Corporate Internal Audit Department supports the Board, through the Audit Committee, in complying with its responsibilities in relation to the supervision and assessment of the Group's Integral Risk Management and Control System, and it is responsible for communicating any alerts, recommendations and conclusions issued by Group Management to the Audit Committee, and to those responsible for the business areas and companies assessed.

### General Management

The General Management Department is in charge of preparing the ACS Group's framework for action in order to standardize the identification, classification, evaluation, management and tracking of the risks of the different divisions and businesses, and specifically:

- It assumes the management of risks referred to as Corporate risks.
- It ensures the proper functioning of internal control and risk management system and, in particular, it ensures that they adequately identify, manage and quantify all significant risks to which the Group may be exposed.
- It participates actively in the preparation of the risk strategy and significant decisions as regards risk management.
- It ensures that the integrated risk management and control system adequately mitigates risks within the framework of the General Risk Control and Management Policy.

### ACS Group companies and their risk support functions

As a result of the diversity of its business and its high level of operational decentralisation, the ACS Group assigns the heads of each division and companies to develop the appropriate risk management and control systems and the internal regulations necessary to ensure their implementation and functioning. Therefore:

- They develop internal regulations in accordance with the specific nature of their activity and implement appropriate internal controls.
- They manage the information systems that enable the preparation of the risk map, supervision and assessment of the risk exposures of each business area.
- They prepare management reports for decision-making by monitoring the appropriate indicators.

***E.3 Indicate the main financial and non-financial risks, including tax risks and to the extent they are significant, those arising from corruption (within the meaning of Royal Decree Law 18/2017), which may affect the achievement of business objectives.***

### Comprehensive Risk Control and Management System

The General Risk Control and Management Policy and its basic principles are implemented through a Comprehensive Risk Control and Management System supported by all the components of the governance model described above and supported by proper definition and distribution of functions and responsibilities to various levels, and through procedures, methodologies and support tools in line with the different stages and activities of the system.

#### Risk identification

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

At least on an annual basis, the risk taxonomy is updated to confirm those that remain significant, eliminate those that no longer apply, and include any new emerging risks. This update is carried out following the categories of financial and non-financial risks faced by the Group (including contingent liabilities and other off-balance sheet risks), taking into account the following taxonomy:

- Strategic: Risks associated with key long-term objectives of the Business and the ACS Group; they may arise from the Group's own actions, from other key market participants (customers, competitors, regulators, investors or others), from changes in the competitive setting or from the business model itself.
- Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

- **Technological:** Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.
- **Legal, criminal and anti-bribery:** Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group in the various legal systems of the countries in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.
- **Social:** Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, and the socio-economic setting in which it operates.
- **Environmental:** Risks linked to potential environmental impacts, including climate change, which could cause harm to society, the environment and the Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.
- **Political:** Risks associated with political changes that may affect legal certainty and the legal framework applicable to the Group's business.
- **Reputational:** Risks linked to the deterioration of the image and perception of the ACS Group, which may result from conduct by the companies that falls below the expectations created among its stakeholders, by the actions of third parties related to the Group or in other areas over which the Group has no control.
- **Corruption-related:** Risks related to the Parent obtaining an undue advantage of any value (which may be of a financial or non-financial nature) directly or indirectly, in violation of applicable regulations.
- **Financial:** Risks related to the economic and financial management of the Business and the ACS Group, the variability of the financial parameters to which it is exposed and the financial reporting processes.

The risk identification and review are carried out from a double perspective:

**Top-down approach:** Corporate Management identifies risks with a vision of the Group as a whole.

**Bottom-up approach:** The business managers identify their own risks that affect their respective units.

Therefore, the risk control and management systems adopt the Group's decentralised nature, enabling each business unit to exercise its own risk control and evaluation policies under certain basic principles. These basic principles are the following:

- Definition of the risk appetite and levels and the maximum risk limits that may be assumed by each business in accordance with its characteristics and expected return, and that are considered from the outset of the operations.
- Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.
- Coordination and communication to ensure that the risk policies and procedures of each business area are consistent with the Group's overall risk policy.

General Management is responsible for adding all the risks identified, and those identified by business managers to standardise the identification, classification, assessment, management and monitoring of the risks of all the divisions.

## Risk assessment criteria

The method used to determine the assessment of the risks identified is categorised into different groups depending on whether their impact and probability is high, average or low:

- **Impact**, this is the economic damage in transactions and reputational damage to the Group's activity, taking into account the control measures implemented in the Group: high, medium or low.
- **Probability** that the risk may materialises in a certain event, taking into account the control measures implemented in the Group: high, average or low.

Once the risks have been identified, the impact and probability assessed taking into account the controls implemented and the Group's management level, and the indicators for measuring them have been defined, the Group's Risk Map is drawn up.

This Map is made up of nine blocks in which the risks are classified based on the following nine groups:

Group	Impact	Probability
1	High	High
2	High	Medium
3	High	Low
4	Medium	High
5	Medium	Medium
6	Medium	Low
7	Low	High
8	Low	Medium
9	Low	Low

### ***E.4 Identify whether the entity has levels of risk tolerance, including tax risks.***

ACS's Board is aware of the importance of adequately controlling and managing the risks that affect the achievement of its objectives, and it is therefore averse to risk.

The ACS Group's General Risk Control and Management Policy is aimed at achieving a moderate risk profile, through prudent management; a Group business model dedicated to the different activities with universal vocation; diversified by geographic areas, asset types, portfolios and clients; with a broad international presence, both in emerging and developed countries, maintaining an average/low risk profile in each of them; and seeking sustainable growth over time.

### ***E.5 Indicate what risks, including tax risks, arose during the year.***

The risks inherent to the business model and the different activities carried out by the ACS Group are likely to materialise to some extent throughout each year. These risks are mitigated thanks to the monitoring and tracking carried out by the different governing bodies of the Group based on their significance.

In relation to 2021, the most significant risks materialised in the ACS Group were basically those arising from the coronavirus pandemic (COVID-19).

On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic, due to its rapid spread around the world, affecting more than 150 countries. This situation is still having a substantial impact on the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, reflected in increased volatility of asset prices and exchange rates and a reduction of long-term interest rates.

In Australia, as part of the government's response to pressure from the delta variant of COVID-19, temporary lockdowns occurred in New South Wales, Victoria and New Zealand in the third quarter of 2021.

The financial earnings include the impact on revenues and margins from the lockdowns and are reflected in the financial results of the year. COVID-19 related costs have been recovered from customers or mitigated through cost reduction strategies.

Although most of the ACS Group's operations were classified as essential services with a business continuity approach, the coronavirus pandemic has affected its contracting activity, causing delays in the award of new works or services and a slowdown in income in all our activities, both domestic and in the other countries where it operates.

To increase their liquidity reserves during the COVID-19 pandemic, the various ACS Group companies agreed to new credit facilities in 2020 or drew down from them in the different countries in which it operates. In 2021, ACS, Actividades de Construcción y Servicios, S.A. maintained liquidity levels in excess EUR 2.7 billion. Hochtief and Cimic also issued bonds in 2021 amounting to EUR 500 million and EUR 625 million over a period of 8 years respectively, which made it possible to strengthen the Group's financial position.

As the pandemic continues to evolve, the ACS Group continues to monitor the impact that COVID-19 may have on the operational and financial performance of the activities of the various divisions comprising the ACS Group. Although the current situation caused by the COVID-19 pandemic raises uncertainty as to how the markets will perform and develop, the Group is highly diversified in terms of its activities and location in developed regions with stable political frameworks, and has a very significant backlog amounting to EUR 67,262 million, equivalent to approximately 26 months considering the current rate of sales.

Lastly, it should be noted that Group's directors and management are constantly monitoring how the situation is developing in terms of both financial and non-financial considerations.

The ACS Group companies are party to litigation, tax claims, competition claims and other legal proceedings in the ordinary course of their business, the result of which is unpredictable. The details of this are provided in the consolidated financial statements.

However, in relation to non-financial and corporate risk detection and management, in 2021 the Compliance Committee carried out various corrective actions in aspects related to, among others, criminal and anti-bribery, information security, competition protection and operational management of the global compliance system.

#### ***E.6 Explain the response and supervision plans for the Company's main risks, including tax risks, and the procedures followed by the Company to ensure that the Board responds to the new challenges that may arise***

After assessing the significant risks, the best response is defined, based on the activity and characteristics specific to each risk. The risk responses may be to:

- **Mitigate:** Actions are designed and implemented to reduce the impact or probability of the risk occurring to an acceptable level for the organisation.
- The decision is made not to take any action on the risk in question, accepting its consequences and probability of occurrence.
- **Share/transfer:** Actions are carried out to share/transfer part of the risk with third parties, for example, through insurance contracting, partner search, outsourcing of processes, etc.
- **Avoid:** The decision is made to suspend the activity that gave rise to the risk so that the risk associated with it can be eliminated.

In general, all risks identified in the group 1 (high/high), 2 (high/medium) and 4 (medium/high) are examined by the Group's Management Committee at its different meetings. In addition, both the Executive Committee and the Board examine the information reported monthly or quarterly, as applicable, with the different quantitative indicators to analyse the situation of the risks faced by the Group.

A series of relevant measurements are established that basically relate to solvency, liquidity and the recurrence of results that, based on the circumstances in each case, determine the Group's risk management and enable the desired objective to be achieved. These elements are analysed both occasionally and on a prospective basis by means of case studies that make it possible to identify possible risks and, therefore, to carry out corrective actions as early as possible.

### **Internal reporting and control systems**

The Board considers that, for adequate risk control and management, it is essential to maintain the highest level of transparency in the information provided, both inside and outside the organisation.

All personnel must keep in mind that the information provided on Risk Management and Control must be:

- Complete, ensuring that all relevant information is transmitted for adequate control and risk management.
- Correct and truthful, ensuring that the information transmitted contains no errors.
- Value-creating, by fostering the development of a risk management and control culture.
- Transmitted fairly and symmetrically: i.e., all the recipients of the information must receive the same information over the same time horizon.
- Transmitted on time, i.e. at the time it is known and relevant for adequate risk control and management.

For these purposes, the Board is responsible for identifying and supervising the management of the main risks, and for the implementation and monitoring of an internal control and appropriate information system that allows for the appropriate management of these risks.



## F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFRS)

Describe the mechanisms which make up the risk control and management systems in relation to the process of issuing financial information (ICFRS) for the entity.

### F.1 Company's control environment

Indicating their main characteristics, detail at least the following:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFRS; (ii) its implementation; and (iii) its supervision.

The Internal Control over Financial Reporting System (hereinafter ICFRS) is part of the ACS Group's overall internal control system and is set up to provide reasonable assurance regarding the reliability of the financial information published. The bodies responsible for it, as can be seen from the Board Regulations of ACS, Actividades de Construcción y Servicios, S.A., the last valid version of which is from 16 December 2021, are the Board and, within it, the supervisory function is delegated to the Audit Committee.

In accordance with Article 5 of its Regulations, the Board is empowered to approve 'the financial information to be periodically made public by the Company given that it is listed on the stock exchange'. Article 7 of the Board Regulations establish that 'The Board will prepare the individual and consolidated Annual Accounts and Management Reports in view of the report issued by the Audit Committee, to comply with current legislation and to facilitate understanding by shareholders and by the general public.'

Furthermore, in accordance with Article 5, the Board's non-delegable functions include 'the preparation of the financial statements and their presentation to the General Meeting' and 'the determination of the risk management and control policy, including tax risks, and the supervision of internal information and control systems' and 'the supervision of the process of preparing and presenting the financial information and the management report, which will include mandatory non-financial information'

The ACS Group's General Management Department is responsible for the Group's ICFRS. This entails defining, updating and monitoring the system to ensure that it operates correctly.

The head of each business area is responsible for designing, reviewing and updating the system in accordance with its own needs and characteristics. General Management validates these designs and their operation to guarantee compliance with the objectives set to assure the reliability of the financial information reported.

In relation to the above, in accordance with Article 25.6 of the Board Regulations, the Audit Committee is responsible for, inter alia, the following:

In relation to the oversight of financial and non-financial information:

a) To report to the General Meeting on all matters arising within the mandate of the Committee and, in particular, on the result of the audit, explaining how the audit contributed to the integrity of the financial information and the role that the Committee played in that process.

b) To oversee and evaluate the preparation and presentation of the financial and non-financial information of the Company and where applicable, that of the group, while reviewing the compliance with regulatory requirements and ensuring the adequacy of the consolidation scope defined and the appropriate application of accounting criteria, and in particular knowing, understanding and overseeing the efficiency of the internal financial information control system (IFICS). The Committee may present recommendations or proposals to the Board to safeguard the integrity of the financial information.

c) To first report to the Board on the financial information and directors' report, which will include, where appropriate, the mandatory non-financial information that the Company must periodically publish.

d) To ensure that the Annual Financial Statements that the Board submits to the General Meeting are drawn up in accordance with accounting regulations and that, in cases where the auditor has indicated a reservation in its report, the Chair of the Audit Committee explains its content and scope with clarity in the General Meeting in the opinion of the Audit Committee, placing a summary of their opinion at the shareholders' disposal when the meeting call is published, together with the other proposals and reports.

In relation to the oversight of internal controls and internal audits:

a) To oversee the effectiveness of the Company's internal controls, ensuring that the internal control policies and procedures in place are applied effectively in practice, and that of the internal audit, while discussing any significant weaknesses in the internal control system identified during the performance of the audit with the statutory auditor, all of which must be done without compromising its independence, while providing its conclusion on the level of its trust in and reliability of the system. To this end, as the case may be, it may make recommendations or proposals to the Board and define the corresponding time-frame allowed for follow-up.

b) To oversee the independence of the department that undertakes the internal audit; propose the selection, appointment and removal of the head of the internal audit department; propose the budget for the service; approve its guidance and the annual audit work plan, while ensuring that its activities are directed principally towards key risks (including reputational risks); receive regular information on internal activities; ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration; and annually assess the performance of the internal audit department, and the performance of the duties by the respective individual in charge of it.

c) To establish and oversee a whistle-blowing mechanism that lets employees and others related to the Company, such as Board members, suppliers, contractors and subcontractors, confidentially report any potentially significant violations, including those of a financial or accounting nature, or of any other nature, in relation to the Company that they may observe in the Company and its group, by receiving periodic reports on its performance, while having the power to suggest timely actions for improvement and to reduce the risk of such violations occurring in the future.

As pertains to the oversight of risk management and control:

h) To supervise and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and its group, including operational, technological, legal, social, environmental, political and reputational risks and those related to corruption.

b) To re-assess, at least annually, the list of the most significant financial and non-financial risks and assess the respective level of risk tolerance, while proposing, where appropriate, the corresponding adjustment to the Board. For these purposes, the Committee will hold, at least annually, a meeting with the heads of the business units in which they will explain the 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.

In this respect and in relation to the above risk management and control supervisory functions, the Audit Committee takes into account the criteria of the supervisory bodies in relation to the prevention of corruption and other irregular practises, and for the identification, management and control of the potential associated impacts, acting on this principle with maximum rigour.

On the other hand, Hochtief A.G., which forms part of the ACS Group as an investee, lists its shares on the German stock market and, in turn, has a majority ownership interest in Cimic Group Limited, which in turn lists its shares on the Australian stock market. Both companies have implemented their own risk management and internal control over financial reporting systems in accordance with applicable legislation. Additional information on these systems can be found in their 2021 annual reports and is available at [www.hochtief.com](http://www.hochtief.com) and [www.leighton.com.au](http://www.leighton.com.au) respectively.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

**Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so this structure is communicated effectively throughout the company.**

In accordance with the Board Regulations, the Appointments Committee under this Board is responsible for, inter alia, reporting on nominations and dismissals of Senior Executives, particularly those who are to be a member of the Group's Management Committee, and for proposing the basic conditions of their contract.

General Management, in the case of ACS, Actividades de Construcción y Servicios, S.A., and the CEO or Chairman, in the case of the various business areas, are responsible for determining the organisational structure in their area of activity and communicating this to the interested parties through the anticipated channels in each case.

**Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

Among the targets met by the Compliance Committee in 2021 was the update of the ACS Group Code of Conduct approved by the Board on 27 July 2021.

The Code of Conduct originates from the previous text, in force since 2015, which has been adapted to the ACS Group's values, as included in its Integrated Report and the profound regulatory change on Sustainability, Governance and Compliance that took place between 2016 and 2021, both in Spain and at the EU and international level, taking into account the main standards in criminal compliance and anti-bribery, Human Rights, whistleblower protection, organisation governance, competition law, cybersecurity, sustainable development objectives and sustainable finance.

It should be noted that this is a regulatory text, not one that is merely advisory, as were the ethical codes that were approved a decade ago. This means that it contains values and a Board mandate for all members of the organisation. It is therefore not a mere statement of principles. It is also a rule of rules. This is the rule under which all Policies and Procedures comprising the regulatory ACS compliance model must be interpreted.

The Code of Conduct is aimed at directors, executives and employees who have links with Group companies, regardless of the legal nature of their relationship.

The ACS Group is a decentralised Group and, therefore, each of its divisions has its own codes and regulatory bodies, but this Code of Conduct establishes the values of the entire ACS Group. ACS Group companies can equip themselves with their own codes of conduct and internal rules, provided that they are inspired by or in line with this text's principles. The Group will ensure that these principles are applied to non-controlled investees and joint ventures.

The main values contained in the Code of Conduct - Integrity, Excellence, Trust, Sustainability and Liability - are also reflected in the Code of Conduct for Business Partners, which applies to the ACS Group's relations with third parties. Both rules are accessible at the corporate website.

The Code was published on the intranet and on the corporate website on 27 July 2021 together with an explanatory video, and was taught to all members of the organisation.

Both Hochtief AG, and the parent company of its Cimic subgroup, Cimic Group Limited, are companies listed on the Frankfurt (Germany) and Australian stock exchanges, respectively, and they are therefore subject to their own regulatory bodies' rules and have both their own Codes of Conduct and their own internal channels for complaints and control, under similar terms to those of the ACS Group. For this reason,

the ACS Group's General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group and the Cimic Group.

The Code of Conduct highlights, as regards trust, the principle of transparency as one of its values. The Code therefore states that *"We act transparently. All persons in the ACS Group are required to provide truthful, necessary, complete and timely information on the performance of the activities related to our performance or area of competence. We must collaborate with audits, investigations and any other legitimate internal or external process that requires access to information that we know."*

The Compliance Committee is responsible for analysing breaches and proposing corrective actions and sanctions in the Parent. Each division in the ACS Group has its own Compliance Committee and implements its own compliance management model, which is supervised through an average control monitoring model by the Parent's Compliance Committee to observe the high level of decentralisation and autonomy in management by subsidiaries. To promote the adoption of their own compliance management model by subsidiaries, which can be understood as robust, ACS's Parent implements a double control system, explained in section E.2 of this Annual Corporate Governance Report.

The Annual Compliance Monitoring Report summarises, amongst others, the actions in relation to the Code of Conduct in 2021. It was approved by the Compliance Committee on 3 March 2022 and will be reported to the Audit Committee at its meeting on 24 March 2022.

In 2021, ACS, Actividades de Construcción y Servicios, S.A., once again obtained the certifications issued by AENOR (Asociación Española de Certificación y Normalización) of its Crime Prevention Model in accordance with UNE 19601 'Criminal Compliance Management System' and UNE-ISO 37001 'Anti-Bribery Management Systems,' which were previously obtained in 2018 and renewed in 2019 and 2020.

**Whistle-blowing channel, for reporting to the Audit Committee any irregularities of a financial or accounting nature, and breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential, and whether anonymous reports can be filed respecting the rights of the accused and the accuser.**

To ensure compliance with the Code of Conduct, resolve incidents or doubts regarding its interpretation and take the necessary measures to better comply with it, reports can be submitted through the Whistleblower Channel. The ACS Compliance Committee, which reports to the Board through its Audit Committee, is the body responsible for promoting and managing the ACS Group's Whistleblower Channel and has autonomy and independence to perform responsible supervision, which does not transgress the level of autonomous management available to the different Group companies. The Compliance Committee is not only responsible for supervising the mechanisms established to comply with the Law, but also for supervising the rules to which the ACS Group voluntarily submits itself, including the Code of Conduct.

The ACS Group's Whistleblower Channel is available to anyone who intends to report a potential infringement in a professional context with the ACS Group, and to that of all Group interlocutors and stakeholders, enabling complaints to be made anonymously. Through the digital platform of the Whistleblower Channel, complainants may maintain contact with the organisation, preserving their identity and tracking the case. The ACS Compliance Committee is responsible for ensuring that there is no retaliation against the complainant.

In 2021 there were new developments in how the Whistleblower Channel is managed and accessed. On 27 July 2021, the Board approved the ACS Whistleblower Channel Operation Policy that repealed the Code of Conduct Monitoring Committee, attributing its functions to the Compliance Committee, based on the following grounds:

- As regards regulatory compliance, it is necessary to ensure that the rules imposed by public authorities and those others that ACS voluntarily assumes are correctly applied. This reality causes the scope of regulatory compliance models, internal control models and risk management models to be projected over both categories of obligations, seeking synergistic activities and governance structures that avoid duplication. The international recommendations point to the advisability of the Compliance function extending its activities to the supervision of internal regulations, including

codes of conduct and other derived policies. Moving forward makes the Code of Conduct Monitoring Committee unnecessary, which was created before the establishment of the ACS Global Compliance Management System, thus avoiding unnecessary redundancies with the current tasks of the Compliance Committee and helping to have a model to manage doubts and complaints that is clear, simple and effective.

- The Compliance Committee, which replaces and assumes the tasks of the Code of Conduct Monitoring Committee, is made up of persons of the organisation with sufficient professional qualifications to respond satisfactorily to the growing complexity of reports on ethics and compliance with rules. It reports directly to the Audit Committee, and is able to effectively receive and process reports related to behaviours that, in essence, infringe the principles envisaged in the current Code of Conduct.

The reform came into force in October 2021, once the new ACS Whistleblower Channel management platform was operational, at which time all content relating to the Whistleblower Channel was updated on the corporate website [www.grupoacs.com](http://www.grupoacs.com)

On 28 July 2021, the Compliance Committee approved two new Procedures implementing the Whistleblower Channel Operating Policy:

- Procedure for investigating complaints and breaches at ACS
- Compliance disciplinary system

In relation to the objective for 2021 of standardising the processes and procedures of the complaints and queries channels of the Dragados Group, the Iridium Group, the Clece Group and the listed Parent, the Policy complies with the establishment of a common operating framework for the Whistleblower Channel for the ACS Group Divisions, which is being developed by each of them through internal procedural rules. As noted above, both Hochtief AG, and the parent company of its Cimic subgroup, Cimic Group Limited, are companies listed on the German and Sydney stock exchanges, respectively, and they are therefore subject to their own regulatory bodies' rules and have both their own Codes of Conduct and their own internal channels for complaints and control, under similar terms to those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group and the Cimic Group.

Changes to the ACS Group's Whistleblowing Channel:

1. By post to:

Canal Ético Grupo ACS

Avda. Pío XII 102,

28036 Madrid, Spain.

2. Through the corporate website:

<https://www.grupoacs.com/compliance/canal-etico/or> directly through the following link: <https://secure.ethicspoint.eu/domain/media/en/gui/108376/index.html>

3. By telephone service 24 hours, 7 days a week, on the following numbers:

Country	Telephone number.
Spain	900 876 841
United States of America	833 7781 528
Canada	833 7781 528
France	0 800 99 08 46
United Kingdom	0 800 077 3019

In 2021, 8 complaints files were opened in the Whistleblower Channel of ACS, Actividades de Construcción y Servicios, S.A., of which only one is in progress. In addition, numerous queries and complaints were received on the whistleblower channels of each of the Group's divisions. Considering all the Group's whistleblower channels, with the exception of Hochtief, A.G. and Cimic Group Limited, in 2021 191 reports were received, giving rise to the opening of the corresponding files, 4 of which were in processing at year-end. Complaints and queries from different countries throughout the world have mostly been reported via digital channels, in the case of complaints from employees or third parties outside the organisation.

**Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating the ICFRS, which address, at least, accounting rules, auditing, internal control and risk management.**

In regard to training and refresher courses, the ACS Group believes that continuous training for its employees and managers both at the corporate level and at the Group company level is important. Relevant and up-to-date training on regulations that affect financial reporting and internal control is considered to be necessary to ensure that the information reported to the markets is reliable and in accordance with the regulations in force.

Therefore, in 2021 throughout the entire ACS Group over 14,000 hours of training courses in finance, accounting rules, consolidation, auditing, internal control and risk management were given, attended by approximately 2,400 employees. In 2021, as a result of the COVID-19 pandemic, the use of electronic means and the webinar format for staff training was maintained.

## ***F.2 Risk assessment in financial reporting***

Detail at least the following:

**F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:**

**The process exists and is documented.**

The ACS Group has established a risk management model that supports a range of actions to comply with the objectives established by the Board. At its meeting held on 17 December 2020 the Board approved an update to the General Risk Management and Control Policy to adapt it to the new wording of Recommendation 45 of the Good Governance Code for listed companies as amended by the CNMV on 26 June 2020.

The Risk Map, updated in accordance with the approved General Risk Management and Control Policy, includes the identification, assessment and classification of risks at Group and operational division level. The process of categorising the complete risk inventory applicable to the Business and Group has meant reviewing risk events in a range of categories or taxonomies, following the guidelines of recommendation 45 of the Code of Good Governance of listed companies modified by the CNMV on 26 June 2020 and that were as follows:

- Strategic: Risks associated with key long-term objectives of the Business and the ACS Group; they may arise from the Group's own actions, from other key market participants (customers, competitors, regulators, investors or others), from changes in the competitive setting or from the business model itself.



- Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.
- Technological: Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.
- Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group across the various jurisdictions in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.
- Social: Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, and the socio-economic setting in which it operates.
- Environmental: Risks linked to potential environmental impacts, including climate change, which could cause harm to society, the environment and the Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.
- Reputational: Risks linked to the deterioration of the image and perception of the ACS Group, which may result from conduct by the companies that falls below the expectations created among its stakeholders, by the actions of third parties related to the Group or in other areas over which the Group has no control.
- Financial: Risks related to the economic and financial management of the Business and the ACS Group, the variability of the financial parameters to which it is exposed and the financial reporting processes.

To assess the risks, the differentiation between the inherent risks of residual risks was taken into account, taking into consideration the control and management mechanisms currently in place in the Group to address risks. Taking into account the control mechanisms, the impact (economic, operational and reputational impact based on the local, national or international level in the short, medium or long term) and the residual probability (that the risk may materialise in a certain event) are assessed as high, medium and low in a basically qualitative manner.

A review the Risk Map was considered necessary, to allow a detailed analysis of the specific risks derived from climate change. The aim was to do this without requiring any changes to the classification used for the rest of the risks subject to ongoing monitoring by the ACS Group. After an exhaustive analysis, it was possible to identify the potential short-term, medium-term, and long-term risks derived from climate change, as 11 transitional risks (divided into legal, market, technological, and reputational risks) and 6 physical risks (divided into acute and chronic risks).

When describing the ACS Group's general risk policy, these are described in section E of the Annual Corporate Governance Report, and in the corresponding section of the Statement on Non-Financial Information.

**Whether the process covers all financial reporting objectives, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.**

In addition to financial risks (liquidity, exchange rate, interest rate, credit and equity), the Group's risks also include those risks relating to the reliability of the financial information, including tax risks.

As part of ICFRS management, the ACS Group has a procedure that allows its scope to be identified and maintained by identifying all relevant subgroups and divisions, and the significant operating and support processes of each of the subgroups or divisions. This identification is carried out based on the materiality and risks factors that are inherent to each business.



The materiality criteria are established, on one hand, from the quantitative point of view in accordance with the most recent consolidated financial statements based on the various parameters, such as revenue, volume of assets or profit before tax and, on the other hand, from the qualitative point of view in accordance with various criteria, such as the complexity of the information systems, the risk of fraud or accounting based on estimates or bases that may have a subjective component. In practice, this means being able to determine which of the accounting headings of the financial statements are material, and other relevant financial information. In addition, the processes or business cycles in which this information is generated are identified.

The ACS Group's General Management is responsible for updating the scope of the Internal Control over Financial Reporting System and informing the various business areas and the auditor of any changes that occur.

For each process or business cycle included within the scope, the Group has identified the risks that can specifically affect financial reporting taking into account all of the financial reporting objectives (existence and occurrence; integrity; valuation; rights and obligations; and presentation and comparability), and taking into account the different risk categories described in section E of the ACGR to the extent that they could significantly affect financial reporting. In 2021 the ACS Group reviewed the adequacy of the procedures to the current operations to cover all the above objectives.

**A specific process is in place for identifying the scope of consolidation, taking into account the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

This assessment is performed at least on an annual basis and whenever companies are included in or excluded from the Group's scope of consolidation.

**The process takes into account the effects of other types of risks (operational, technological, financial, legal and tax risks, risks to reputation, environmental risks, etc.) to the extent that they affect the financial statements.**

The ACS Group's Risk Management System considers potential risks of a strategic, operational, technological, legal, criminal, anti-bribery, social, environmental, reputational, financial or any other type that, if they materialise, could have a significant impact on the Group's financial statements.

**Which of the company's governing bodies monitors the process.**

The Board is responsible for approving the risk management and control policy and the regular monitoring of information and control systems, while the Audit Committee is responsible for supervising and evaluating the effectiveness of the financial and non-financial risk management systems related to the Company and its Group, including operational, technological, legal, social, environmental, political and reputational risks and those related to corruption.

### **F.3 Control activities**

Indicating their main characteristics, detail at least the following:

**F.3.1 Procedures for reviewing and authorising the financial information and description of the ICFRS to be disclosed to the markets, indicating who is responsible in each case, and documentation and flow charts for activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the specific review of the relevant judgements, estimates, evaluations and projections.**

Before their approval by the Board and to their publication, General Management must submit both the annual and half-yearly consolidated condensed financial statements and any other periodic public information supplied to the markets to the Audit Committee, taking into consideration the most relevant

effects and those matters whose contents or components are based on accounting opinions or assumptions for the purpose of calculating estimates and provisions.

Before the publication of the financial statements, those responsible for each line of business are required to review the information reported for the purposes of consolidation in their respective areas of responsibility.

This report with the description of the ICFRS is prepared by General Management based on the information supplied by all affected departments and business areas and is submitted for review and approval by the Audit Committee.

All business areas which are relevant for the purpose of financial reporting have different controls to ensure the reliability of the financial information. These controls are identified for the significant business cycles at consolidated level, based on the internal procedures used, and the reporting systems which are used as the basis for preparing the financial information of each business area.

The Group documents the significant processes, risks and control activities implemented in the business areas in a systematic and homogeneous manner, with the exceptions described for the listed investee companies that follow their own procedures. This documentation is based on the following:

- Identification of the companies and processes or business cycles that may significantly affect the financial information. Each significant process has a flow chart and a description of key activities.
- Identification of the risks and controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

The processes considered within the scope include the operating business cycles and the accounting close, communication of information and consolidation. The possible risks of fraud and the specific review of relevant judgements, estimates, evaluations and projections are taken into account in each of the business cycles. Those companies that fall within the scope of ICFRS but have not yet completed the relevant implementation are under the obligation to prepare a plan to proceed with implementation and report on roll-out to General Management.

### F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, operating continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

Following a policy of decentralisation and independence of each of its business areas, the ACS Group does not centrally manage its information systems, but rather each business area manages these resources based on the particular features of each business. This is not an obstacle hindering each of the business areas from defining its policies, standards and procedures for internal control over the reporting systems and security management. Although the ACS Group is characterised by this decentralised model, the Compliance Committee of ACS Actividades de Construcción y Servicios, S.A performs a supervisory function on internal control procedures in relation to the information security systems implemented in ACS Group companies through a risk control model.

Access to the information systems is managed in accordance with tasks assigned to each job position, and each company defines its users' profiles for accessing, modifying, validating or consulting information following a criterion of segregation of duties defined by each area. Management of access, changes in the applications and the flows of approval are defined in the procedures of each business area, as are the responsibilities of those responsible for monitoring and control.

The control mechanisms for the recovery of information and information systems are defined in the corresponding continuity plans. Each of the business areas has storage and backup processes at different locations that provide for contingencies if necessary. Each Group company also establishes the required security measures against leakage or loss of physical and logical information, depending on the level of confidentiality.

Of note was the appointment of the Chief Security Information Officer (CISO) at ACS Actividades de Construcción y Servicios, S.A. for the monitoring and execution of the Information Security Master Plan 2021/2023 approved by the Board on 27 July 2021.

The functions of the CISO include, among others, providing expert advice on cybersecurity, and the early identification of security implications of new technological and regulatory trends, the analysis and continuous update of the security policy and its body of regulations, advice and support for the Compliance Committee and security training and awareness-raising.

The main information systems have monitoring, virus protection services and elements that are regularly updated to ensure the integrity and availability of information.

**F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.**

The ACS Group does not usually subcontract work to third parties that could materially affect the financial statements. In any case, when the ACS Group outsources work to third parties, it ensures the technical training, independence and skills of the subcontractor. In the case independent experts are used, the person responsible for contracting these experts must validate the work and conclusions reached from their work.

In the specific case of valuations made by independent experts, the criteria and results thereof are revised by Group management or by management of the business areas affected, requesting comparison valuations when necessary.

Finally, it should be noted that the ACS Group has a Code of Conduct for Business Partners, since it is essential for its business partners to comply with minimum standards of behaviour in line with ACS's Compliance Culture and ACS's policies.

#### **F.4 Information and communication**

Indicating their main characteristics, detail at least the following:

**F.4.1 A specific function in charge of defining accounting policies, keeping them up to date (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.**

General Management, through the Corporate Administration Department, is responsible for defining and updating the accounting policies and responding to queries and doubts arising from the implementation of the applicable accounting regulations. This can be done in writing and replies to queries are made as quickly as possible depending on their complexity.

The Group has an accounting policies manual that is in line with the International Financial Reporting Standards (IFRS) as these are adopted by the European Union (IFRS-EU). This manual, updated in January 2021, is applicable to all companies included in the Group's scope of consolidation and to its joint ventures and associates.

In cases where the ACS Group does not have control but does have a significant influence, the required adjustments and reclassifications are made to the associate's financial statements in order to ensure that the accounting criteria are uniform with those of the Group.

Group companies may have their own manual as long as it does not contradict that indicated in the Group's manual, so as to be able to ensure the uniformity of the accounting policies of ACS.

**F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes and disclosures concerning the ICFRS.**

Reporting to the ACS Group's General Management is carried out in accordance with the following guidelines:

1. Frequency of information reporting.

Once the meeting schedule of the Executive Committee and the Board has been set, the reporting dates and type of information to be reported are sent to the various heads of the divisions or Group companies on an annual basis.

2. Information type.

The information to be reported will vary and is detailed based on the reporting period (monthly / quarterly / half-yearly / annually).

3. Financial reporting format

The information sent to the Administration Department (General Management) by the various business areas was reported using the SAP BPC consolidation program that gathers both accounting information (mainly for the statement of financial position, the income statement, the comprehensive statement of recognised income and expense and the cash flow statement) and off the books information. This information is complemented with various Excel templates parametrised and automated for the aggregation and elaboration of various items of information, usually of an off-balance sheet and management nature.

For the preparation of the consolidated statements, all business areas must report any changes in the scope of consolidation of their business area before the end of the month. Before making the openings for the corresponding month, the consolidation program includes all the parametrisation of the consolidation system, which specifically includes the scope of consolidation affecting the entire ACS Group.

4. Model for internal control information

The ACS Group has defined a reporting system for the most significant controls included within the framework of the Internal Control over Financial Reporting System, in which each person responsible for its implementation and monitoring must send the Group's General Management a report detailing its operations during the period.

This reporting took place in 2021 on a half-yearly basis, at the same time as the publication of the ACS Group's interim half-yearly financial statements.

### ***F.5 Supervision of system operation***

Indicating their main characteristics, detail at least the following:

**F.5.1** The ICFRS supervision activities carried out by the Audit Committee, and whether the company has an internal audit function which includes support to the Committee in its work on supervising the internal control system, including the ICFRS, among its duties. Furthermore, indicate the scope of the assessment of the ICFRS carried out in the financial year and of the procedure by means of which the person responsible communicates the results, whether the entity has an action plan that details possible corrective actions and whether its impact on the financial information has been considered.

The ACS Group's Internal Audit Department is set up as an independent service, the function of which is to provide support to the Group's Board and senior management in the examination, evaluation and supervision of the internal control and risk management systems both of the Parent and the other companies forming part of the Group.

The ACS Group's internal corporate audits are carried out by the Internal Audit Department, which coordinates the auditing of the Group's various business areas.

The Corporate Internal Audit Department is included in the organisational structure as a body reporting hierarchically to the General Management and functionally to the Audit Committee of the Board. It has no hierarchical or functional link to the business areas. Therefore, the appointment/dismissal of the person responsible is at the suggestion of the Audit Committee. Hochtief AG and Cimic Group Limited, as noted in point F.1, have their own control systems and the internal audits for these companies report to their Audit Committees, as indicated in Hochtief AG's 'Opportunities and Risks Report' included in its 2021 Annual Report (available at [www.hochtief.com](http://www.hochtief.com), and in Cimic Group Limited's 2021 Corporate Governance Statement (available at [www.cimic.com.au](http://www.cimic.com.au)).

In turn, the internal audit departments of the Parents of the Group's non-listed business areas report hierarchically to the Chairman and/or CEO of these areas and functionally to the Corporate Internal Audit Department. The functions assigned to the Internal Audit Department are as follows:

- a. Reviewing the implementation of policies, procedures and standards established in the Group's business areas, and the operations and transactions they perform.
- b. Identifying faults or errors in the systems and procedures, indicating their causes, issuing suggestions for improvement in the internal controls established and monitoring recommendations adopted by the management of the various business areas.
- c. Reviewing and assessing, in the performance of their work, the internal controls established, included among which are those which make up the risks associated with the financial information for the audited units.
- d. Reporting any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

The Corporate Internal Audit Department submits the Annual Audit Plan each year for approval by the Audit Committee. This Audit Plan consolidates the internal audits of the ACS Group companies, except for Hochtief AG and Cimic Group Limited.

The Corporate Internal Audit Management periodically submits to the Audit Committee a summary of the reports drafted and the status of the internal audits of the various business areas.

The Corporate Internal Audit Department submitted the 2021 Activities Report and the 2022 Audit Plan to the Audit Committee in March 2022. These included among other aspects an increase in the review of the operation of the control procedures and operations included in the internal control system for financial information. The audits carried out in 2021, as in previous years, were as follows:

- Audits of specific projects
- Audits of branches or geographic areas within a company.
- Audits of processes or specific areas.
- Audits of companies or groups of companies.

A total of 48 audits were carried out in all the Business Areas of the Group in 2021, representing coverage equal to 39% of the ACS Group's total revenues excluding Hochtief AG and Cimic Group Limited.

In 2021, the internal audits carried out specifically included a review procedure of the Internal Control over Financial Reporting System of the audited company, project or delegation, identifying a series of key controls to verify their operability. The coverage of the scope of work was in line with the companies and processes that are truly significant and in which the ICFR is implemented.

The purpose of this review was to obtain evidence of the controls on financial information at the company and delegation level, and the risk and control matrices, indicating in the corresponding audit report the

internal control weaknesses identified and proposing, through the corresponding recommendations, the action plans to be adopted by the company to mitigate those risks and weaknesses, if any.

Accordingly, all the processes in which the Corporation's System of Internal Control over Financial Reporting is implemented, and the Central Services of each Business Department, have been reviewed, issuing, in each case, a report with the identified internal control weaknesses.

The method used consisted of reviewing the supporting documents of the evidence on each control and posing questions to the personnel in charge of performing each of the controls, to determine whether the control procedures described are implemented and in place.

In conclusion, there were no significant incidents worth mentioning and, in general, the revised controls adequately covered the risks for which they were assigned and the evidence provided adequately supported the application of those controls.

**F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or administrators. Also report any action plan in place to correct or mitigate weaknesses observed.**

In accordance with the Board Regulations, the Audit Committee has the following functions:

- To oversee the effectiveness of the Company's internal controls, ensuring that the internal control policies and procedures in place are applied effectively in practice, and that of the internal audit, while discussing any significant weaknesses in the internal control system identified during the performance of the audit with the statutory auditor, all of which must be done without compromising its independence, while providing its conclusion on the level of its trust in and reliability of the system. To this end, as the case may be, it may make recommendations or proposals to the Board and define the corresponding time-frame allowed for follow-up.
- To establish the appropriate relationships with the external auditor for the purpose of receiving information on any matter that may jeopardise the respective independence, for the examination of the Committee, and any other matter relating to the development process of the financial auditing, and when applicable authorize the services other than those which are prohibited, under the terms provided for in the applicable regulations, in addition to any other notification provided for under Spanish laws regarding financial auditing and technical auditing standards.

As a result of its work, the internal audit departments of the Group companies issue a written report which summarizes the work carried out, the situations identified, and the action plan including, where applicable, the timetable and persons responsible for correcting the situations identified, along with opportunities for improvement. These reports are sent to the head of the business area and to General Management.

As mentioned above, the Corporate Internal Audit Manager submits an Activities Report to the Audit Committee that contains a summary of the activities carried out and the reports drawn up during the year, and monitoring the main significant aspects and recommendations contained in the various reports.

The Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year before their approval, and before the meeting held by the Board to prepare the full annual individual financial statements of the Parent, and the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the work of external auditors for the current year, and to report the results that have been obtained in the preliminary review before the end of the financial year.

In 2021, the Internal Auditor attended four Audit Committee meetings and the External Auditor attended six Audit Committee meetings, at the invitation of the Chair and in relation to the agenda items for which their presence was requested.

***F.6 Other relevant information***

Not applicable

***F.7 External auditor's report***

Indicate:

F.7.1. Whether the ICFRS information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be included as an appendix. Otherwise, explain the reasons for the absence of this review.

The information relating to the ICFRS issued to the markets for 2021 was reviewed by the external auditor.





# ACS, Actividades de Construcción y Servicios, S.A

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ACS, Actividades de Construcción y Servicios, S.A. for 2021

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



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## **Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ACS, Actividades de Construcción y Servicios, S.A. for 2021**

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

As requested by the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. (the "Company") and in accordance with our proposal letter dated 11 January 2022, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of ACS, Actividades de Construcción y Servicios, S.A. for 2021, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2021 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.



Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent being Circular 3/2021 of 28 September 2021 (hereinafter, the CNMV Circulars).
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the Board of Directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.



This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Manuel Martín Barbón

24 March 2022

## G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Code of Good Governance in Listed Companies.

If any recommendations are not followed or are only partially followed, a detailed explanation of the reasons for this must be included so that the shareholders, investors and the market in general have sufficient information to assess the company's conduct. Explanations of a general nature will not be acceptable.

1. The articles of association of listed companies may not limit the number of votes held by a single shareholder or impose other restrictions on the company's takeover via the market acquisition of its shares.

Complies	Explain
X	

2. When the listed company is controlled, within the meaning of section 42 of the Commercial Code, by another listed or unlisted company, and has, directly or through its subsidiaries, business relationships with that company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them publicly reports accurately on:
  - a. The respective areas of activity and potential business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.
  - b. The mechanisms in place to resolve possible conflicts of interest.

Complies	Partially complies	Explain	Not applicable
			X

3. During the annual General Meeting, the chairman of the board of directors should supplement the published annual corporate governance report with a sufficiently detailed verbal report to shareholders on key corporate governance issues in the company, including in particular the following:
  - a. Changes since the last annual General Meeting.
  - b. The specific reasons why the company does not follow any of the Corporate Good Governance recommendations, and whether any alternative rules are applied to the matters in question.

Complies	Partially complies	Explain
X		

4. The company should define and promote a policy on communication and contact with shareholders and institutional investors in the context of their engagement with the company and with proxy advisers that fully respects insider trading rules and accords equal treatment to all shareholders who are in the same position. The company should publish this policy on its website, including information regarding the ways in which it is put into practice and identifying interlocutors and the officers responsible for implementation.

Without prejudice to legal obligations to disseminate insider information and other regulated information, the Company also has a general policy regarding the communication of economic/ financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that contributes to maximising the dissemination and quality of information available to the market, investors and other stakeholders.

Complies	Partially complies	Explain
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X

5. The board of directors should not seek the delegation from annual General Meetings of powers to issue shares or convertible bonds where such issues exclude preferential subscription rights and exceed 20% of share capital at the time of delegation.

Where the board of directors approves any issue of shares or convertible securities involving the exclusion of preferential subscription rights, the company should immediately publish the reports on such exclusion required in accordance with prevailing companies legislation on its website.

Complies	Partially complies	Explain
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X

6. Listed companies preparing the reports mentioned below, whether on a mandatory or voluntary basis, should publish the same on their corporate website sufficiently advance of the date of the annual General Meeting, even where publication is not mandatory:

- a. Report on auditor independence.
- b. Reports on the functioning of the audit and appointments and remuneration committees.
- c. Audit committee report on connected-party transactions.

Complies	Partially complies	Explain
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X

The activity reports of the Audit, Appointments and Remuneration Committees are published. In particular, the Audit Committee's activity report includes the report on auditor independence.

However, the report of the Audit Committee on connected-party transactions is not published, since it is not considered to provide any additional relevant information to that already published in other documents. Specifically, connected-party transactions are published with broad dissemination and detail, both in the notes to the financial statements and in the annual corporate governance report itself, both in section D on connected-party transactions and in section H for everything that is not expressly included in the above section D.

7. The company should broadcast shareholders' General Meetings live on its website.

The Company has mechanisms that enable the delegation and casting of votes by electronic means and even, in the case of highly capitalised companies and to the extent proportionate, attendance and active participation at the General Meeting.

Complies	Partially complies	Explain
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X

8. The Audit Committee should ensure that the financial statements submitted by the Board to the shareholders at the General Meeting are prepared in accordance with accounting regulations. And that, in cases where the auditor has indicated a reservation in its report, the chair of the audit committee explains its content and scope with clarity in the General Meeting in the opinion of the audit committee, placing a summary of their opinion at the shareholders' disposal when the meeting call is published, together with the other proposals and reports.

Complies	Partially complies	Explain
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X

9. The company should publish the requirements and procedures required to accredit ownership of shares, the right of attendance at shareholders' General Meetings and the delegation of voting rights on its website on a permanent basis.

These requirements and procedures should be designed to foster attendance and the exercise of voting rights by shareholders, and they should be applied on a non-discriminatory basis.

Complies	Partially complies	Explain
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X

10. Where any shareholder may legitimately have exercised the right to make any addition to the agenda or presented new proposals for resolutions before the date of the annual General Meeting, the company should:

- Immediately publish such additional agenda items and new proposals for resolutions.
- Publish the form of the attendance card, proxy voting form or remote voting form containing the necessary changes to allow voting on the new points on the agenda and alternative proposals, in accordance with the terms proposed by the board of directors.
- Submit all such agenda items or alternative proposals to a vote applying the same voting rules as in the case of matters or proposals made by the board of directors, including in particular any assumptions or deductions as regards the nature of votes.
- After the shareholders' General Meeting, the company should provide a breakdown of votes cast on any such additional agenda items or alternative proposals.

Complies	Partially complies	Explain	Not applicable
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X

11. If the company intends to pay any premiums for attendance at the annual General Meeting, it should establish a general policy regarding such premiums in advance and apply said policy on a stable basis.

Complies	Partially complies	Explain	Not applicable
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X

12. The board should perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be guided at all times by the company's best interest, to be understood as establishing a profitable business that is sustainable in the long run, promoting business continuity and maximising the company's value.

In pursuit of the corporate interest, the company should not only abide by applicable laws and regulations and act in good faith, ethically and with due respect for custom and generally accepted best practice, but also seek to reconcile said corporate interest with the legitimate interests of its employees, suppliers, customers and other stakeholders potentially affected by the conduct of affairs, and with the impact of the company's activities on the community as a whole and on the environment.

Complies	Partially complies	Explain
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X



13. In the interests of the effectiveness and participatory nature of its functioning, the board of directors should comprise between five and fifteen members.

Complies	Explain
X	

14. The Board should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a. is concrete and verifiable;
- b. ensures that proposals for appointment or re-election of members are based on a prior analysis of the competences needed by the board; and
- c. favours diversity of expertise, experience, age and gender. Measures to encourage the company to have a significant number of senior executives are considered to promote gender diversity.

The result of the prior analysis of the competences the Board needs should be set forth in a report of the appointments, which will be published on the occasion of the call to the shareholders' General Meeting at which the ratification, appointment or re-election of each Board member is to be sought.

The appointments committee should verify compliance with this policy on an annual basis and explain its findings in the annual corporate governance report.

Complies	Partially complies	Explain
	X	

The ACS group has a diversity policy that extends its vision to the governing bodies of ACS and its Group, the diversity objectives and commitments and the mechanisms for monitoring, assessment and monitoring of the Policy. In accordance with the Board Regulations, the Appointments Committee will assess the necessary competences, knowledge and experience on the Board, defining the necessary functions and skills in the candidates to be covered by each vacancy, ensuring that the composition of the Board is appropriate, thus complying with the objectives of a specific policy.

15. A broad majority on the Board should be proprietary and independent Board members and the number of executive Board members should be the minimum necessary, taking into account the complexity of the group of companies and each executive Board members' holding in the share capital of the company.

And the number of female directors should account for at least 40% of the members of the Board by the end of 2022 and thereafter, as previously it was not below 30%.

Complies	Partially complies	Explain
	X	

Compliance with this Recommendation is considered partial since, although the selection procedures for Board members aim to facilitate the selection of women directors in a number that allows a balanced presence of women and men to be achieved. At 31 December 2021, the number of women directors represents 20.00% of the total number of Board members. In any case, the Appointments Committee should, in compliance with the Board Regulations and the Diversity Policy, promote gender diversity in relation to potential candidates, on the basis that they meet the appropriate professional profile and objective criteria of merit and ability.

16. The percentage of the total non-executive Board members represented by proprietary Board members should not be greater than the proportion of capital represented on the board and the remainder of the company's capital.

This proportional criterion may be relaxed:

- a. In large cap companies where few ownership interests attain the legal threshold for significant shareholdings.
- b. In companies where multiple, otherwise unrelated shareholders are represented on the board.

Complies	Explain
X	

17. The number of independent Board members should represent at least half of all Board members.

Nevertheless, in companies which are not large cap concerns, or if they are, where a single shareholder or several acting in concert to control more than 30% of share capital, the number of independent Board members should represent at least one third of the total Board members.

Complies	Explain
	X

The Company considers that the composition of the Board is adequate to represent the interests of both majority and minority shareholders. The Board ensures, with the support of the Appointments Committee, the necessary diversity of the Board as a whole so that its members have the knowledge, training, professional experience and other aspects that may be relevant due to the ACS Group's sectors of activity and international nature, particularly assessing the knowledge of the current directors of the Company and its Group. In turn, it should also be kept in mind that the Company considers that three of the Other non-executive directors, although legally they cannot be classified as independent directors because they have been directors for more than 12 years, based on their personal and professional conditions, may perform their duties without being conditioned by relations with the Company or its Group, its significant shareholders or its executives.

18. The companies should post the following information regarding the Board members on their websites, and keep them permanently updated:

- a. Professional experience and background.
- b. Board memberships held at other companies, listed or otherwise, and any other remunerated activities of any kind in which the Board member may engage.
- c. An indication of the Board member's classification as executive, in the case of proprietary Board members stating the shareholder they represent or have links with.
- d. The date of their first and subsequent appointments or reselection as a company Board member.
- e. Shares held in the company and any options on them.

Complies	Partially complies	Explain
X		

19. Subject to verification by the appointments committee, the annual corporate governance report should explain the reasons for the appointment of proprietary Board members at the request of shareholders holding equity interests of less than 3% of share capital. Likewise, the reasons for the refusal, where applicable, of any formal requests for seats on the board made by shareholders holding interests of equal size or greater than the interests owned by other shareholders at whose request proprietary Board members were appointed.

Complies	Partially complies	Explain	Not applicable
			X

20. Proprietary Board members should resign when the shareholders they represent dispose of the shares owned in their entirety. If these shareholders reduce their stakes, thereby losing some of their entitlement to Proprietary Board members, these Board members' number should be reduced accordingly.

Complies	Partially complies	Explain	Not applicable
			X

21. The Board may not propose the removal of any independent Board members before the expiry of the statutory term for which they were appointed, as mandated by the articles of association except where just cause is found by the board based on a report of the appointments committee. In particular, just cause will be presumed when a Board member takes up any new posts or contracts new obligations such as might prevent him/her from dedicating the necessary time to the discharge of the duties proper to the office of director, is found to be in breach of the duties inherent in his/her position or comes under one of the grounds leading to disqualification as independent, in accordance with the provisions of applicable legislation.

The removal of Independent Board members may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure and such changes in the structure of the board of directors are a consequence of the proportionality criterion set out in Recommendation 16.

Complies	Explain
	X

22. The companies should establish rules that directors must report and, if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the company itself, that may damage the credit and reputation of the company, and that require them to notify the board of any criminal proceedings in which they are under investigation, and of their procedural developments.

After having been informed or otherwise learned of any of the situations described in the preceding paragraph, the board should examine the case as soon as possible and, having regard to the specific circumstances, will decide, following a report from the appointments committee, whether to take any action, such as opening an internal investigation, requesting the resignation of the director or proposing the director's removal. This should be reported in the annual corporate governance report, unless special circumstances justify it, which must be recorded in the minutes. This is without prejudice to the information that the company must disseminate, if appropriate, when the corresponding measures are adopted.

Complies	Partially complies	Explain
		X

23. All Board members should express clear opposition when they feel a proposal submitted for approval by the board of directors might harm the corporate interest. In particular, independents and other Board members unaffected by potential conflicts of interest should challenge any decision that could be detrimental to the interests of shareholders lacking board representation.

When the board makes any material or recurring decisions on any matter about which a Board member has expressed serious reservations, then he or she should draw the pertinent conclusions. Board members resigning for these causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, whether or not they are also a Board member.

Complies	Partially complies	Explain	Not applicable
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X

24. When, either due to resignation or by shareholder resolution, directors cease to hold office before the end of their term of office, they should sufficiently explain the reasons for their resignation or, in the case of non-executive directors, their opinion on their grounds for removal by the shareholders, in a letter that they will send to all the Board members.

Without prejudice to the fact that this is reported in the annual corporate governance report, to the extent relevant to investors, the company should publish the dismissal as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies	Partially complies	Explain	Not applicable
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X

25. The appointments committee should ensure that non-executive Board members have sufficient time available for the appropriate discharge of their duties.

The board regulations should establish a maximum number of other companies' boards on which the Board members may hold seats.

Complies	Partially complies	Explain
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X

The appointments committee should ensure that non-executive Board members have sufficient time available for the appropriate discharge of their duties. However, this Recommendation is considered partially complied with because the Board Regulation does not establish a maximum number of boards of companies on which its directors may sit.

The Company considers that this is not the only variable that may affect the directors' dedication to the Company, and in general, the directors' performance of other professional activities must also be taken into account, to the extent that this may be a relevant variable to assess their availability to discharge their duties.

The Company also considers that with the aim of maintaining a balance between dedication to the Company and the benefits and experience they contribute from their own activity and presence on other boards, their presence on them cannot be restricted, as it is a matter in which the Board member's own assessment should be taken into account as to whether they consider that their presence on other boards may affect the dedication necessary for their appropriate performance. At no time has the existence been detected of any lack of time or dedication by Board members for the adequate performance of the duties with which they have been charged.

26. The board of directors should meet as often as necessary to perform its functions effectively and at least eight times per year, following a schedule of dates and issues established at the start of the year. However, each Board member may also individually propose other initially unscheduled items for inclusion in the agenda.

Complies	Partially complies	Explain
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X

27. Failure on the part of Board members to attend meetings should be confined to unavoidable cases and non-attendance should be quantified in the annual corporate governance report. Proxies should be arranged with instructions in the event of inability to attend.

Complies	Partially complies	Explain
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X

As stated in section C.1.26, the Company has had 98.37% attendance at Board meetings. Likewise, as regards proxies with voting instructions, this is not considered advisable in many cases, given that one of the characteristics of the Board meetings is their deliberative nature, with the Directors expressing their different positions and opinions and, therefore, being able to reach conclusions other than their initial ones.

28. Where the directors or the secretary express any concerns over a proposal, or in the case of Board members, over the conduct of the company's affairs, and those concerns are not resolved at a board meeting, the concerns raised will be recorded in the minutes at the request of the party expressing them..

Complies	Partially complies	Explain	Not applicable
X			

29. The company should establish appropriate channels to allow the directors to obtain the necessary advice to discharge their duties, including external advisory services payable by the company where circumstances so require.

Complies	Partially complies	Explain
X		

30. Irrespective of the expertise required of Board members for the discharge of their duties, companies should offer Board members training programmes to refresh their knowledge and skills, where circumstances so require.

Complies	Partially complies	Explain
X		

31. The agenda for board meetings should indicate clearly the points on which the board is required to adopt a decision or resolution, so that the directors can examine or obtain the necessary information in advance.

Where the chair may wish in exceptional circumstances and for reasons of urgency to propose decisions or resolutions that are not included on the agenda for approval by the board, the express prior consent of the majority of the Board members present will be required and will be recorded in the minutes.

Complies	Partially complies	Explain
X		

32. Board members should be periodically informed of changes in the shareholder structure and of the opinions of the company held by significant shareholders, investors and rating agencies.

Complies	Partially complies	Explain
X		

33. As the officer responsible for the effective functioning of the board, the chair will exercise the functions attributed by law and the articles of association, and will prepare and submit to the board a schedule of dates and an agenda, organise and coordinate periodic assessments of the board, and where appropriate, of the company's chief executive officer. The chair will also be responsible for directing the work and effective functioning of the board, ensuring that sufficient time is given over to the discussion of strategic issues, and agreeing and reviewing the programmes established to refresh the knowledge of each director where circumstances so require.

Complies	Partially complies	Explain
X		

34. When there is a coordinating director, in addition to the authority corresponding to that director by law, the articles of association or the board regulations should also attribute the following: to preside over the board in the absence of the chair and deputy chairs, where applicable; to take note of the concerns voiced by non-executive directors; to maintain contacts with investors and shareholders in order to learn their points of view and form an opinion of their concerns, in particular as regards corporate governance of the company; and to coordinate the plan for succession of the chair.

Complies	Partially complies	Explain	Not applicable
X			

35. The secretary to the board should oversee the actions and decisions of the board, ensuring that they are based on the good governance recommendations applicable to the company as set forth in the Code of Good Governance.

Complies	Explain
X	

36. The board should meet once per year in full session to evaluate and, where appropriate, adopt an action plan to correct any weaknesses identified with respect to:

- a. The quality and effectiveness of the board's functioning.
- b. The functioning and membership of its committees.
- c. The diversity of the board's membership and powers.
- d. The performance of the chair of the board and the company's chief executive officer.
- e. The performance and contribution of each director, focusing in particular upon the directors responsible for each of the board committees.

Assessments of the different committees will be based upon the reports submitted by them to the board, while the evaluation of the board itself will be based on the report submitted by the appointments committee.

Every three years, the board will be assisted in its evaluation by an external consultant, whose independence will be verified by the appointments committee.

Business relations maintain by the company or any group company with the consultant or any company forming part of the consultant's group will be duly disclosed in the annual corporate governance report.

The processes and areas evaluated will be described in the annual corporate governance report.

Complies	Partially complies	Explain
X		

37. When there is an executive committee there are at least two non-executive directors, at least one of whom is independent; and the secretary is the board secretary.

Complies	Partially complies	Explain	Not applicable
X			

38. The board will be apprised at all times of the matters debated and decisions taken by the executive committee, and all Board members will receive copies of the minutes to meetings of the executive committee.

Complies	Partially complies	Explain	Not applicable
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X

39. All the members of the audit committee, and especially its chair, must be appointed on the strength of their expertise and experience in accounting, auditing and/or risk management, both financial and non-financial.

Complies	Partially complies	Explain
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X

40. A unit should be set up under the supervision of the audit committee to perform the internal audit function and oversee the proper functioning of information and internal control systems. The internal audit unit will report functionally to the non-executive chair of the board or to the audit committee.

Complies	Partially complies	Explain
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X

41. The head of internal audit should present the audit committee with an annual work program for approval by it or the board, informing it directly of its performance, including any incidents limits on its scope arising during its implementation, and of the results and tracking of its recommendations, and submit an activities report at the end of each year.

Complies	Partially complies	Explain	Not applicable
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X

42. In addition to those established by law, the audit committee should perform the following functions:

- 1 In relation to information systems and internal control:
  - a. To supervise and assess the process of preparing and the integrity of the financial and non-financial information, and the systems for controlling and managing financial and non-financial risks relating to the company and, where applicable, the group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, reviewing compliance with regulatory requirements, the accurate demarcation of the scope of consolidation and the correct application of accounting criteria.
  - b. To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve, or propose the board approve, its orientation and annual internal audit plan, ensuring that activities are directed principally towards key risks for the company (including reputational risks); receive regular information on internal activities; and ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration.
  - c. To establish and oversee a whistle-blowing mechanism that lets employees and others related to the company, such as Board members, suppliers, contractors and subcontractors, confidentially report any potentially significant violations, including those of a financial or accounting nature, or of any other nature, in relation to the company that they may observe in the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the complainant and the respondent.
  - d. In general, to ensure that the policies and systems established in internal control are effectively applied in practise.



## 2. In relation to the external auditor:

- a. To examine the circumstances and reasons in the event of resignation of the external auditor.
- b. To ensure that the remuneration of the external auditor's work does not compromise quality or independence.
- c. To oversee reporting by the company of any change of auditor through the CNMV, and to ensure that it is accompanied by a statement as regards the possible existence of disagreements with the outgoing auditor, if any, and the content thereof.
- d. To ensure that the external auditor holds an annual meeting with the whole of the board to report on the audit work carried out and on the evolution of accounting matters and the risks to which the company is exposed.
- e. To ensure that the company and the external auditor respect prevailing regulations governing the provision of services other than audit, the limits on the concentration of the auditor's business and the terms of regulations governing auditor independence in general.

Complies	Partially complies	Explain
X		

43. The audit committee may call any employee or executive of the company, and may even require attendance without the presence of any other executive.

Complies	Partially complies	Explain
X		

44. The audit committee will be apprised of all information concerning transactions involving structural or corporate changes which the company or any company forming part of its group plan to carry out. The committee will examine such information and report in advance to the board on the financial terms and accounting impact of those transactions, and in particular on the exchange ratio proposed, if any.

Complies	Partially complies	Explain	Not applicable
X			

45. The control and risk management policy should identify or determine at least:

- a. The different types of financial and non-financial (operational, technological, legal, corporate, environmental, political and reputational, including those related to corruption) risk to which the company is exposed, including contingent liabilities and other off-balance sheet risks among the financial and business risks identified.
- b. A risk management and control model based on different levels, which will be formed by a specialised risk committee when provided for by sector rules or when considered appropriate by the company.
- c. The level of risk that the company considers acceptable.
- d. The measures provided to mitigate the impact of the risks identified, in the event that they were to materialise.
- e. The information and internal control systems used to control and manage risks, including contingent liabilities and off-balance sheet risks.

Complies	Partially complies	Explain
X		

46. An internal control and risk management function headed up by an internal unit or department of the company should be set up under the direct supervision of the audit committee or, where appropriate, of a specialized board committee to take charge of the following functions:

- a. To ensure the proper functioning of internal control and risk management systems and, in particular, to ensure that the same adequately identify, manage and quantify all significant risks to which the company may be exposed.
- b. To participate actively in the preparation of the risk strategy and significant decisions as regards risk management.
- c. To ensure that risk control and management systems adequately mitigate risks within the framework of the policy defined by the board of directors.

Complies	Partially complies	Explain
X		

47. The members of the appointments and remuneration committee (or of the appointments committee and remuneration committee where separate) should be appointed in view of their knowledge, skills and experience of the functions they will be required to discharge, and the majority should be independent Board members.

Complies	Partially complies	Explain
	X	

In accordance with applicable law, its internal regulations and the policies approved by the Board, particularly in matters of diversity, the Company promotes the selection procedures for directors to take into account the knowledge, skills and experience appropriate to the functions they are called upon to perform, making diversity in its various aspects an essential requirement of selection processes. The majority of the members of the Remuneration Committee are independent directors, and the Appointments Committee has two independent directors as established by the Corporate Enterprises Act. In addition, the Chairs of both Committees are independent and have a proxy vote.

48. Large cap companies should establish a separate appointments committee and remuneration committee.

Complies	Partially complies	Explain
X		

49. The appointments committee should consult with the chair of the board and the company's chief executive officer, in particular on matters relating to executive Board members.

Any Board member may request that the appointments committee take potential candidates to cover vacancies in the board into consideration, where they understand them to be suitable.

Complies	Partially complies	Explain
X		

50. The remuneration committee will exercise its functions independently. In addition to those attributed by law, said functions will comprise the following:

- a. To propose the basic terms and conditions of senior management contracts to the board.

- b. To verify compliance with the remuneration policy established by the company.
- c. Periodically to review the remuneration policy applied to Board members and senior executives, including share-based remuneration systems and their application, if any, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the company.
- d. To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the committee.
- e. To verify information on the remuneration of Board members and senior executives contained in corporate documents, including the annual report on Board members' remuneration.

Complies	Partially complies	Explain
X		

51. The remuneration committee should consult with the chair or chief executive officer, especially on issues involving executive Board members and senior executives.

Complies	Partially complies	Explain
X		

52. The rules governing the membership and functioning of supervisory and control committees should be set forth in the rules of the board and should be consistent with those applied by law to mandatory committees in accordance with the foregoing recommendations, including:

- a. Membership should comprise exclusively non-executive Board members, with a majority of independent Board members.
- b. Committee chairs should be independent Board members.
- c. The board should appoint the members of committees in view of the knowledge, skills and experience of Board members and the duties entrusted to each committee, debating the relevant proposals and reports. Each committee should likewise held to account for its activity and the work carried out at the first full session of the board held after each of its meetings.
- d. The committees may seek external advice where considered necessary for the due discharge of their functions.
- e. Minutes should be kept of each meeting and will be provided to all of the Board members.

Complies	Partially complies	Explain	Not applicable
			X

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, and internal codes of conduct, should be attributed to one or more Board committees that may be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or another specialised committee that the Board, in exercising its self-organisation powers, has decided to create. This committee should only be composed of non-executive directors, with the majority being independent and specifically attributed the minimum functions indicated in the following recommendation.

Complies	Partially complies	Explain
X		

54. The minimum functions referred to in the previous recommendation are as follows:

- a. Supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b. Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the company communicates and relates to small and medium-sized shareholders will also be monitored.
- c. Regular evaluation of the suitability of the company's system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.
- d. Supervision to ensure that the company's environmental and social practices comply with the defined strategy and policy.
- e. Supervision and evaluation of processes affecting different stakeholder groups.

Complies	Partially complies	Explain
X		

55. The sustainability policies in environmental and social matters should identify and include at least:

- a. The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax liability, respect for human rights and the prevention of corruption and other illegal conduct.
- b. The methods or systems for monitoring compliance with policies, associated risks and their management.
- c. The mechanisms established to monitor non-financial risks, including those related to ethics and business conduct.
- d. The channels established for communication, participation and dialogue with stakeholders.
- e. Responsible communication practices to prevent the manipulation of information and safeguard personal integrity and honour.

Complies	Partially complies	Explain
X		

56. Directors' remuneration should be set at the necessary levels to attract and retain Board members with the desired profile, and to reward the dedication, qualifications and responsibility required by their office, but it should not be set so high as to compromise the independence of non-executive Board members.

Complies	Explain
X	

57. Variable remuneration linked to the company's results and personal performance should be confined to the executive directors, as should remuneration systems based on the allocation of shares, options or rights over shares or other instruments linked to the share price, and long-term savings systems such as pension plans or retirement and other prudential schemes.

Share-based remuneration may be considered for non-executive Board members subject to the condition that any securities delivered by held until the Board member concerned leaves office. This condition will not apply to any securities that the Board member concerned may need to dispose of, where applicable, to settle acquisition costs.

Complies	Partially complies	Explain
X		

58. In the case of variable pay, remuneration policies should establish the necessary limits and technical precautions to ensure that such rewards relate to the professional performance of beneficiaries and do not accrue merely as a result of the general evolution of the markets, the industry in which the company operates or other similar circumstances.

In particular, variable pay components should:

- a. Be linked to predetermined, measurable performance criteria, and such criteria should take into account the risks assumed to obtain results.
- b. Promote the sustainability of the company and should include non-financial criteria related to long-run value creation, and compliance with the company's internal rules and procedures, and with its risk control and management policies.
- c. Should be structured on the basis of balance between the attainment of objectives in the short, medium and long term, so as to remunerate ongoing success and performance over a sufficient period of time to appreciate the contribution made to the sustainable creation of value and ensure that the performance variables measured do not refer only to one-off, occasional or extraordinary events.

Complies	Partially complies	Explain	Not applicable
X			

59. The payment of variable remuneration components should be subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. The companies should include in the directors' annual remuneration report the criteria as regards the time required and methods for that verification based on the nature and characteristics of each variable component.

In addition, the companies should weigh the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of payment of a part of the variable components that implies their total or partial loss if any event occurs before the time of payment that makes it advisable.

Complies	Partially complies	Explain	Not applicable
X			

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the independent auditor's report.

Complies	Partially complies	Explain	Not applicable
X			

61. A relevant percentage of the variable remuneration paid to executive Board members should be linked to delivery of shares or financial instruments indexed to the share price.

Complies	Partially complies	Explain	Not applicable
X			

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, the executive directors should not be able to transfer their ownership or exercise them until at least three years have elapsed.

An exception is made where the directors maintain, at the time of the transfer or exercise, a net economic exposure to changes in the share price of a market value equivalent to an amount of at least

twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

This will not apply to shares that the directors need to dispose of to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, to deal with extraordinary situations that so require.

Complies	Partially complies	Explain	Not applicable
X			

63. Contractual agreements with directors should include a clause allowing the company to claim reimbursement of variable remuneration items where payment was not in line with the performance conditions established, or where payment was made in view of data later found to be inaccurate.

Complies	Partially complies	Explain	Not applicable
X			

64. Severance payments made on the termination of contracts should not exceed an amount equal to two years' total annual remuneration, and they should not be paid until the company has been able to verify that the Board member concerned has met the criteria and terms for their payment.

For the purposes of this recommendation, severance payments will be considered any payments whose accrual or payment obligation arises as a result of or when the contractual relationship between the director and the company is terminated, including amounts not previously consolidated of long-term savings systems and amounts paid under post-contractual non-compete agreements.

Complies	Partially complies	Explain	Not applicable
X			

## H. OTHER INFORMATION OF INTEREST

1. *If there are any relevant aspects relating to corporate governance in the company or group entities which have not been reflected in the other sections of this report, but which need to be included to give more complete and reasoned information on the structure and governance practices in the company or its group, detail them briefly.*
2. *This section can also include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.*

*In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance and, if so, include the information that it is required to furnish, where such information differs from that required in this report.*

3. *The company may also indicate whether it has adhered voluntarily to other codes on ethical principles or good practices, whether international or applying to the sector or other scope. Where applicable, identify the code in question and the date of adherence. In particular, mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010.*

At the Board meeting held on 19 November 2010, the Company adopted a decision to adhere to the Code of Good Tax Practices developed by the Tax Agency and the Large Business Forum and communicated to that Agency on 1 December 2010. This Code aims to strengthen transparency and co-operation in the Company's tax practices, and to increase legal certainty in the interpretation of tax rules.

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This Annual Corporate Governance Report was approved by the Board of the Company at its meeting held on 24 March 2022.

Indicate whether any Board members voted against or abstained on the approval of this Report.

	Yes	No
Name or corporate name of the Board member not voting in favour of the approval of this report	Grounds (against, abstention, absence)	Explain reasons
Comments		