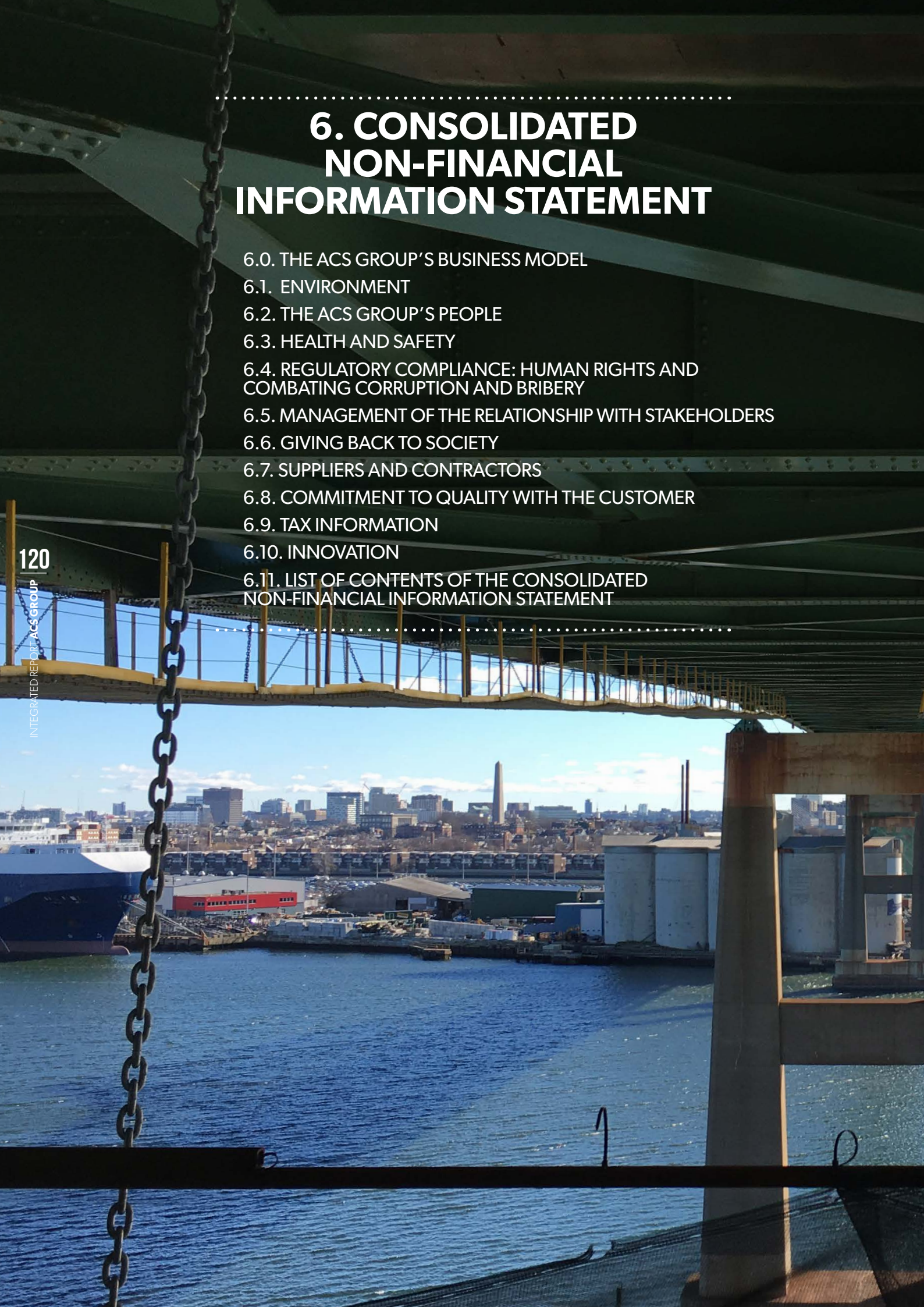


6. CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

- 6.0. THE ACS GROUP'S BUSINESS MODEL
- 6.1. ENVIRONMENT
- 6.2. THE ACS GROUP'S PEOPLE
- 6.3. HEALTH AND SAFETY
- 6.4. REGULATORY COMPLIANCE: HUMAN RIGHTS AND
COMBATING CORRUPTION AND BRIBERY
- 6.5. MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS
- 6.6. GIVING BACK TO SOCIETY
- 6.7. SUPPLIERS AND CONTRACTORS
- 6.8. COMMITMENT TO QUALITY WITH THE CUSTOMER
- 6.9. TAX INFORMATION
- 6.10. INNOVATION
- 6.11. LIST OF CONTENTS OF THE CONSOLIDATED
NON-FINANCIAL INFORMATION STATEMENT





6.0. THE ACS GROUP'S BUSINESS MODEL



The ACS Group is a reference in the infrastructure sector worldwide. This sector contributes to a great extent to the economic and social development of the different regions of the world in an increasingly competitive, demanding and global market.

The main areas of the Group are divided into:

a) Construction

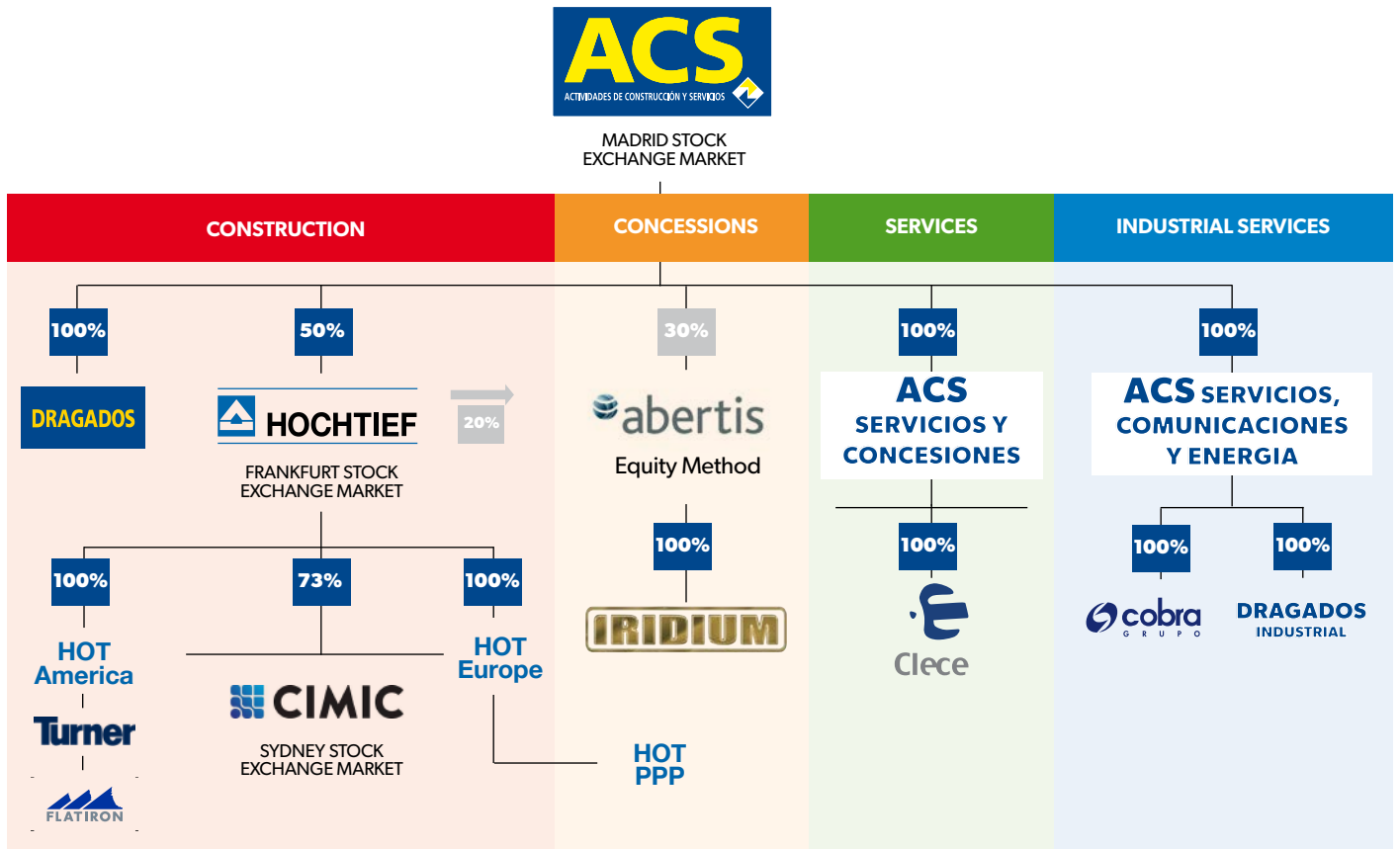
This area includes the activities of Dragados, Hochtief (including CIMIC) and Iridium and is oriented toward the development of all types of projects of Civil Works, Building and activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific). The geographic regions with the highest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from the geopolitical, macroeconomic and legal perspective.

b) Industrial Services

The area is dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area has a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries.

c) Services

This area only includes Clece's facility management business activity which comprises maintenance of buildings, public places or organizations, as well as assistance for people. This area is fundamentally based in Spain despite an incipient growth of the European market.





6.0.1. STRATEGY AND IMPACTS

In this context of operational decentralization, the Group's strategy is centered on all of the companies sharing the Group's values and culture, at the same time as each operates in a standalone manner, individually contributing numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making and generating know-how and good practices that are also independent.

Specifically, there are many different companies within the ACS Group that make their own contributions towards Corporate Social Responsibility adding up to a combined whole. They define their action policies autonomously and manage their resources as efficiently as possible, which are always based on the common principles and objectives defined in the Corporate Social Responsibility Policy of the ACS Group, approved on February 26, 2016, setting out the basic and specific principles of action in this field, and the Group's relations with its environment, while simultaneously pursuing the objectives defined in the 20-20 Plan, concerning non-financial matters.

Within the Group's commitment to transparency, throughout this Consolidated Non-Financial Information Statement, the description of the policies applied by the group will be presented in regards to non-financial matters, as well as the results thereof, including key indicators. In order to maintain maximum rigor and transparency, this document has been prepared in accordance with the requirements of the international standards

in reference to Reporting, such as the new GRI Standards of the Global Reporting Initiative (GRI). The related indicators have been verified by an independent third party, in accordance with the ISAE 3000 standard.

Thus, the contents of the report have been selected based on a previous analysis in which the matter most relevant for the company and its main stakeholders have been identified. In this analysis, the main factors and trends that may affect the development and expansion of the Group's business activity, as well as the main associated risks, have also been identified.

The detailed conclusions of the analysis can be seen in section 9.2., however, by way of summary, it can be indicated that according to this analysis the future scenario in which ACS will develop its business activity in the coming years will be marked by the following factors:

- Growing demand for infrastructure.
- Digitization and data management.
- Geopolitical changes.
- The circular economy.
- Population growth and urbanization.
- Increase in the size and complexity of projects.
- Climate change and decarbonization.
- New financing models.



For further information:
2. The ACS Group



For further information:
3. A company of the future



For further information:
3.3. How does it respond to the challenges and opportunities in the sector



For further information:
9.2. Identification of material aspects



6.0.2. RISKS

As regards risk management, the ACS Group conducts its business activities in a variety of sectors, countries and socio-economic and legal environments that involve exposure to different levels of risk inherent to the businesses in which it operates. ACS Group's risk control system is based on a range of strategic and operational actions which serve to mitigate these risks and comply with the objectives established by the Board of Directors. It is the Corporation's responsibility to define the basic guidelines, in order to standardize the operating criteria in each of the divisions, so that an adequate level of internal control is ensured. The companies and divisions that comprise the Group are in charge of developing the necessary and appropriate internal regulations so that, depending

on the peculiarities of the respective business activity, the internal controls are implemented to ensure its optimal operating level.

Specifically in relation to non-financial risks, based on the materiality analysis performed, risks have been detected in terms of the relevance they may have for the business development of the respective company the risks have been prioritized depending on the relevance they can have for the development of the business of the company, according to the type of activity, areas of action, policies and management approaches, showing the table attached the results obtained from this prioritization of potential risks for development of the activity.



For further information:
7. The ACS Group's Risk Management

[102-44], [102-46], [102-47]



RELEVANCE



MATERIAL ASPECT	RISKS RELATED
Development and talent of diversity	Risks related to talent management (turnover, low employee satisfaction, etc.) and diversity (inequality, discrimination, wage gap, etc.)
Zero accidents objective	Risks related to the safety and health of employees (accidents, occupational diseases, etc.)
Ethical and responsible companies	Risks related to ethics and integrity (corruption, money laundering, lack of transparency, questionable lobbying activities, etc.)
Tools and new financing models	Risks derived from adapting to new financing models (new regulatory contexts, new sustainable financing frameworks, etc.)
Responsible supply chain	Risks related to the supply chain (for example, due to not having sufficient control over suppliers in social and environmental matters).
Responsibility with local communities	Risks related to local communities (opposition of the communities to the development of projects, negative perception of the management carried out by the company)
Efficient management of resources	Shortage of natural resources and need to adapt to a circular economy
The climate: a global concern	Climatic risks (physical, regulatory, market)
Resilient and socially responsible infrastructures	Derived risks related to the adaptation of infrastructures to extreme climatic events and / or to social changes
Protection of Human Rights	Risks related to human rights



For further information:
9.2. Identification of material aspects

6.1. ENVIRONMENT

Degree of implementation of environmental management systems in the ACS Group companies
(expressed as a % of sales)

99.0%
IMPLEMENTATION OF
AN ENVIRONMENTAL
MANAGEMENT SYSTEM

75.5%
IMPLEMENTATION
OF THE ISO 14001
CERTIFICATION

The ACS combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area.

The ACS Environmental Policy defines the general principles which must be adhered to, but are sufficiently flexible to accommodate the elements of policy and planning development by the companies in the various business areas, and fulfill the requirements of the most recent version of the standard ISO 14001, and other commitments by the companies to other environmental standards, such as EMAS, or standards relating to their Carbon Footprint or Water Footprint. Within this Policy, the following commitments are established:

1. To comply with the applicable legislation and standards in general, and other voluntary commitments entered into in each of the Branches, Delegations, Projects, Jobs and Services of the ACS Group.
2. To prevent contamination, by assessing the potential environmental risks at every stage of a project, job or service, with the aim of designing processes which minimize environmental impact as far as possible.
3. To continuously improve management of environmental activities, by setting and following up on environmental goals.
4. To strive for transparency in external communications, by periodically publishing information about environmental initiatives to all interest groups, catering for their demands and expectations, either in compliance with regulations or independently.
5. To enhance skills and raise awareness, by providing training and educational activities to employees, suppliers, clients and other interest groups.

In order to construct and roll out a policy in relation to these environmental commitments, the most significant

environmental impacts are identified and assessed, and are compared with each company's management systems and the environmental priorities for each business. For each of these priorities, objectives and key indicators are established to monitor environmental activities; in addition, we run programs to improve the environment and implement plans of action for each company or group of companies.

Considering the environmental impacts identified, the environmental activities of ACS Group companies will, concretely and operationally, center around four main areas.

1. Energy and emissions.
2. The circular economy.
3. Efficient and responsible use of water resources.
4. Biodiversity.

Overseeing the environmental activities of the ACS Group and enacting the planes of action and improvement programs is the responsibility of the Environment Department of each group of companies; the same Departments are responsible for implementing the necessary measures to reduce and mitigate environmental impacts stemming from the Group's activities. Thus, according to note 37 on Environmental Information of the ACS Group's Annual Financial Statements, the companies of the ACS Group, the Expenses incurred in 2018 for environmental purposes amount to € 1,970 thousand (€ 1,046 thousands in 2017). Furthermore, according to note 20, the environmental provisions are within the provisions for liabilities, being included so as to cover the probable environmental risks that may occur, with no provision of this nature having been recorded in 2018.

The ACS Group will encourage among all companies the establishment of mechanisms and procedures to promote compliance with the principles of the Environmental Policy, while covering its entire value chain.

6.1.1. EMISSIONS: POLLUTION AND CLIMATE CHANGE

CO ₂ emissions by area of activity (TCO ₂ eq)	2015	2016	2017	2018
ACS GROUP'S TOTAL	8,454,528	7,019,256	5,724,855	6,446,742
Scope 1	3,101,441	2,104,164	2,436,364	2,983,215
Scope 2	255,510	242,506	162,403	145,294
Scope 3*	5,097,577	4,672,586	3,126,088	3,318,234
Emissions intensity (total emissions/sales)	272	240	173	182
CONSTRUCTION: TOTAL EMISSIONS**	8,333,390	6,910,850	5,609,536	6,278,631
Scope 1	3,031,124	2,045,914	2,374,760	2,877,522
Scope 2	226,452	219,263	132,347	103,770
Scope 3*	5,075,813	4,645,673	3,102,429	3,297,339
Emissions intensity (total emissions/sales)	358.3	313.6	218.4	224.4
INDUSTRIAL SERVICES: TOTAL EMISSIONS***	98,965	85,583	91,771	141,927
Scope 1	54,476	44,326	47,766	89,491
Scope 2	22,725	16,430	23,736	35,631
Scope 3	21,764	24,827	20,269	16,805
Emissions intensity (total emissions/sales)	15.4	14.8	15.3	23.6
SERVICES: TOTAL EMISSIONS	22,173	20,737	23,548	26,184
Scope 1	15,841	13,924	13,838	16,201
Scope 2	6,333	6,813	6,319	5,892
Scope 3*	nd	nd	3,390	4,090
Emissions intensity (total emissions/sales)	16.1	14.7	16.3	18.1

* Scope 3 emissions include those calculated for employee travel. Furthermore HOCHTIEF and CIMIC include the emissions calculated for the supply chain (Cement, Wood, Waste and Steel). In 2017 and 2018, the emissions for Scope 3 include Clece's travel data.

** In Construction the scope has been expanded, with the data for Dragados USA and Dragados Canada being included in 2018.

*** The increase in 2018 in Industrial Services, is due to the fact that in the Scope 1 emissions the data for Cobra companies in Colombia were collected for the first time and in the Scope 2, and the electricity consumption of the Cobra's Peru division is included for the first time.

Climate change means that we need to change production and consumption models in order to mitigate the physical and transitional risks resulting from our activity. Therefore, it is crucial that both States and businesses are involved, working together in harmony. With this in mind, the ACS Group aspires to contribute to the transition to a low-carbon economy including the promotion of strategies to adapt and mitigate climate change in the context of their various business activities.

In addition, controlling contamination locally is especially relevant to guarantee the wellbeing of the communities where the Group operates. Thus, ACS commits to minimize emissions beyond just greenhouse gas emissions, also taking account of other pollutant gases (NO_x, SO_x, and substances that harm the ozone layer), noise emissions and other possible nuisances resulting from the Group's activity, including light pollution.

The ACS Group's activity in these spheres is governed by the following fundamental principles:

- Considering and assessing the impacts of their activities, products and services, in terms of climate change.
- Avoiding or minimizing energy consumption and the emission of greenhouse gases as a result of their activities.
- Establishing goals to reduce greenhouse gas emissions in keeping with the latest trends and standards.
- Avoiding or minimizing pollution as a result of their activities, by emissions into the environment, noise, vibration or light pollution.
- Establishing mechanisms to manage energy usage and emissions, to objectively measure the progress of their activities and decision-making.
- Identifying opportunities to promote products and services that are eco-friendly, suited to minimize the possible impacts of climate change and contribute to a transition to a low-carbon economy.

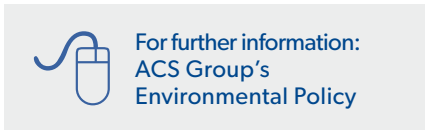


OTHER ATMOSPHERIC EMISSIONS (KG)	2017	2018
NOx	542,503	472,607
SOx.	8,549	8,834
Other significant atmospheric emissions*	1,636,354	1,702,713

*Includes indirect Emissions of NMVOC from bituminous mixtures.

On the other hand, the ACS Group contributes to society and its customers, by combating climate change through the identification of opportunities for the promotion of products and services that respect the environment, adapted to the possible impacts of climate change, while contributing to the transition to a low carbon economy.

In 2018 the ACS Group reduced its emissions, considering the period from 2015 to 2018, in both absolute and relative terms (based on sales) in all activities. ACS Group companies have carried out initiatives in 2018 to reduce CO₂ emissions, with an estimated emission savings of 105,712.28 tons of CO₂, resulting from initiatives such as the LIFE Huellas project of the company Vías, which is an analysis tool that supports decision making aimed at the planning of railway works, which optimizes each work considering, in addition to cost and time, the environmental impact.



IMPROVEMENT PROJECT FOR THE REDUCTION OF ELECTRICITY CONSUMPTION (ETRA)

The concept of self-consumption involves the implementation of renewable energy generation facilities (photovoltaic, wind...) intended for internal consumption, with the aim being to fully or partially cover the demand for a particular installation. In this way, the consumption of electricity by the network is reduced and the carbon footprint of the installation is optimized, reducing the amount of emissions associated with the generation of electricity.

In the case of the ETRALUX building on Calle Hermanos Granda in Madrid, a photovoltaic plant has been implemented that generates part of the energy consumed by the building, so that it does not have to be "bought" through the network. This generated energy does not have any type of surcharge or associated tax, therefore this energy source does not entail a cost for its consumption, which generates significant financial savings. The rest of the energy contribution necessary to supply 100% of the building's demand is supplied by the electricity network. The ETRALUX building, which the use case describes, has a contracted power of 72 KW, with an annual consumption of 157,000 kWh per year. A photovoltaic installation with 17 kWp of power

has been installed in this building. Thanks to this solution, an annual energy generation of 19,930 kWh has been obtained, which represents almost 13% of the total energy consumed by the facilities, reducing emissions by 9 Tn CO₂. Taking into account the consumption data and current energy prices, a break-even point for the investment is estimated at 9 years.

A fundamental aspect of this type of facility is the part pertaining to the energy management and monitoring of the facilities. In order to carry out this implementation, management and monitoring equipment has been used with ETRA's proprietary technology. On the one hand, a Smartmeter, referred to as SLAM was used to measure the energy generated in the installation, and on the other hand, an Energy Management Platform known as BESOS was implemented for the monitoring of the energy generated and consumed, as well as the energy management of the photovoltaic energy installation. Both products have been developed by ETRA within the framework of the Horizon 2020 program of the European Union.

6.1.2. CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT

	2015	2016	2017*	2018*
ACS Group				
Non-hazardous waste (t)	4,408,470	2,877,029	9,345,697	15,058,309
Hazardous waste (t)	310,993	50,888	130,882	42,251
Construction				
Non-hazardous waste (t)	4,354,210	2,826,402	9,254,776	15,004,008
Hazardous waste (t)	308,848	49,255	130,052	38,701
Industrial Services				
Non-hazardous waste (t)	54,260	50,599	90,821	54,019
Hazardous waste (t)	2,141	1,618	766	3,478
Services				
Non-hazardous waste (t)	ND	28	99	283
Hazardous waste (t)	5	15	63	72

* In 2018, Hochtief's non-hazardous waste has increased from 8,860,189 tons to 14,538,068 tons, mainly due to the increase in large projects involving tunnels operated by Hochtief Asia Pacific, which produce large amounts of extracted material. Much of this material is used for purposes such as filling, in other construction projects. HOCHTIEF's focus on waste recycling is reflected in the Group's recycling rate, which stood at 87.1% in 2018 (2017: 90.6%).

The ACS Group's aim is, through its activities, to contribute to the implementation of a new, non-linear type of economy, based on the principle of Life Cycle Assessment (LCA) of products, services, waste, materials, water and energy. With this goal in mind, they will, at all times, consider solutions which have been proven effective over the past few decades, such as ecodesign or waste prevention, management and recycling, and new solutions as they are developed.

Waste management at the ACS Group is always aimed at minimizing the waste generated, in terms of quantity and the respective hazards, while giving priority to recycling and reuse above other management options and energy recovery as the preferred choice over dumping in landfills.

Waste is managed in accordance with the regulations in force in each country. The facilities have the corresponding authorizations for producers of hazardous waste, which allow for the respective recording, taking of inventory, storage and management. The non-hazardous waste generated is reused at the production site or collected by an authorized manager for treatment, recycling or recovery or, if this is not possible, for disposal in controlled dumps. Thus of the total non-hazardous solid waste managed by the Group only 1,011,958 tons⁵ are deposited in landfills, which represents only 6.7% of total non-hazardous waste.

The ACS Group also generates other hazardous waste or waste specifically regulated that must be treated, respectively, by an authorized hazardous waste manager or by an Integrated Waste Management System. Hazardous waste is, in general, delivered to authorized waste managers in accordance with the applicable laws, with 35.3% of it being recycled or re-used⁶. During the 2018 year, the ACS Group companies have transported 0.022% of the total hazardous waste internationally.

5. Scope of the data: 94.34% of sales for 2018.

6. Scope of the data: 91.91% of sales for 2018





6.1.3. SUSTAINABLE USE OF RESOURCES

The ACS Group considers efficiency in resource consumption to be a priority, as an effective strategy implies benefits from two angles. On one hand, it reduces the environmental impact on the surrounding areas and, on the other, it cuts the costs needed for their purchase or treatment.

Energy Consumption

Energy is one of the main resources used by ACS Group companies. The energy consumption of

the Group is influenced by the weight of the works carried out during the year, whereby given the strong diversification of the group certain activities are more energy intensive. The different companies of the ACS Group are carrying out a variety of initiatives in favor of conservation and efficiency, as well as the use of renewable energy sources, in this way during 2018, the electricity coming from renewable energies within the Group amounted to 58,657,631 kWh.

Energy consumption (kWh)	2015	2016	2017	2018*
ACS Group's Total	12,491,323,013	8,868,113,189	10,002,256,831	12,127,577,650
Construction	12,098,557,642	8,547,226,929	9,638,133,817	11,560,464,513
Industrial Services	301,060,332	235,766,578	280,570,597	474,375,569
Services	91,705,040	85,119,682	83,552,418	92,737,568
ACS Group Energy intensity (kWh/mn EUR Sales)	402,453	303,604	301,834	342,359

* In Construction the scope has been expanded, with the data for Dragados USA and Dragados Canada being included in 2018.

**The increase in 2018 in Industrial Services is due to the fact that in the Scope 1 emissions the data for Cobra companies in Colombia were collected for the first time and in the Scope 2, and the electricity consumption of the Cobra's Peru division is included for the first time.



Efficient use of water resources

Efficient use of water resources	2015	2016	2017	2018
ACS GROUP'S TOTAL				
Total water consumption (m ³)*	16,064,122.2	13,847,033.3	14,406,179.8	24,264,375.7
Wastewater discharges (m ³)	11,803,032.4	15,340,485.1	23,662,287.1	25,519,321.3
Volume of water reused or recycled (m ³)	5,171,994.3	5,428,101.7	4,055,132.3	2,413,263.5
Ratio: m ³ of water consumed / Sales (€ M)	776.6	756.5	676.3	685.0
CONSTRUCTION				
Total water consumption (m ³)**	14,212,769.3	13,631,804.0	13,562,922.6	23,397,405.6
Wastewater discharges (m ³)	630,250.8	808,495.5	635,925.3	255,359.2
Volume of water reused or recycled (m ³)	5,171,634.3	5,427,801.7	4,055,132.3	2,413,263.5
Ratio: m ³ of water consumed / Sales (€ M)	1,101.7	1,224.5	979.8	836.3
INDUSTRIAL SERVICES				
Total water consumption (m ³)*	1,851,352.9	215,229.3	198,207.2	235,219.5
Wastewater discharges (m ³)	11,172,781.6	14,531,989.6	23,026,361.8	25,263,962.1
Volume of water reused or recycled (m ³)	360.0	300.0	0.0	0.0
Ratio: m ³ of water consumed / Sales (€ M)	289.0	37.3	33.0	39.2
SERVICES				
Total water consumption (m ³)	0.0	0.0	645,050.0	631,750.6
Wastewater discharges (m ³)	0.0	0.0	0.0	0.0
Volume of water reused or recycled (m ³)	0.0	0.0	0.0	0.0
Ratio: m ³ of water consumed / Sales (€ M)	0.0	0.0	446.2	437.8

* The data has been re-stated since 2015, excluding the water captured by Tedagua for the desalination processes, since this water is a collection of sea water, not a consumption as such, being that it is returned to the environment. Thus, in 2016 total water consumption of Industrial Services included 31,638,607 m³ liters from Tedagua compared to the 18,107,550 m³ in 2015, due to the start-up of the Escombreras desalination plants, which included 48,895,516 m³ in 2017. In the discharges, where it is collected from the Tedagua part that corresponds to the discharge process derived from the desalination process.

** In 2018, the increase in construction water consumption is due to HT Americas water consumption being included, bringing the total number for Hochtief from 11,957,981 in 2017 to 21,123,194 m³ in 2018.

The activities carried out by the ACS Group involve considerable water consumption, especially in the construction field. As such, the company recognizes the need to reduce consumption of this natural resource, especially in areas where there is water stress.

The ACS Group has adequate measurement systems (at the project, company and corporate level), which provide detailed knowledge of the main sources of consumption, information that enables the Group to implement the most appropriate efficiency measures for each case. Thus in 2018, the source of 99.75% of the total water consumption of the ACS Group was identified, which considers that, within this scope, 20.0% of the water was collected from the surface (sea, rivers, lakes, etc.), 7.2% of the water was collected from wells and groundwater sources, 13.8% of the water consumed is recycled

or reused, and the remaining 58.9% comes from the municipal network or other private or public sources.

It is noteworthy that the Group also performs exhaustive checks on the quality of the water discharged into the environment, in order to ensure the discharges do not have significant effects and always comply with that stipulated by law.

In addition to responsibly managing water resources, the ACS Group, through its Industrial Services business, carries out projects that contribute to improving water quality and guaranteeing access to drinking water, such as drinking water, desalination and waste water treatment plants. As a result of the entry into operation of these assets, the Industrial Services business may experience significant one-off increases in water consumption.

Consumption of materials: Sustainable construction

The ACS Group specifically promotes the use of recycled and/or certified construction materials, offering customers these types of options when making decisions regarding the materials to be used.

In order to encourage the use of sustainable materials among the Group companies, the Group as a Construction Materials Policy that establishes guidelines and good practices in this regard.



For further information:
Materials policy

MATERIALS POLICY

The ACS Group seeks to implement the following good practices in the process of recommending construction materials to customers in bids to tender where applicable:

1. Propose a traceability analysis of 100% of products used.
2. Keep a record of suppliers who offer recycled/certified products.
3. Stress the importance of aspects such as durability and maintenance when selecting construction materials.
4. Provide information about the characteristics of products which give off gases or contain harmful substances and also about the products' life cycles.
5. When making an offer or taking part in a bid to tender, always include the option of certified timber, and offer information on the environmental benefits of its use.
6. When making an offer or taking part in a bid to tender, always include the option of cement made from recycled aggregates, and offer information on the environmental benefits of its use.
7. Provide environmental details of the proposed construction materials, such as energy used by machinery during extraction or treatment, greenhouse gas emissions, etc.
8. Report on the corporate waste management policy.
9. Provide information on waste management plans in projects, including design phases.
10. Give information on specific targets to reduce, recycle and reuse waste. Construction materials policy
11. Report on procedures in place for the recovery and recycling of construction materials by subcontractors.
12. Give details of staff and subcontractor training processes in waste management techniques.
13. Provide details of waste separation processes in project facilities and works.
14. Actively promote the purchase and sale of recycled by-products.

PROJECT FOR THE ENRICHMENT OF STEEL SLAG AS SUBSTITUTE FOR CEMENT (DRACE AND GEOCISA)

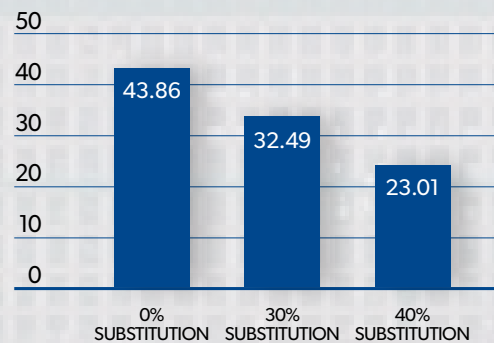
The management of steel slag waste is one of the biggest problems facing the steel industry, due to the storage requirements and the costs associated with it. However, this waste has a considerable potential for recovery, to the extent that the enrichment and reuse of this type of waste is a line where intensive work is being carried out in order to reduce the environmental and financial impact of the problem.

Along these lines, the companies DRACE Infrastructure and GEOCISA carried out between 2016 and 2018 the RD&I project "ENRICHMENT OF STEEL SLAG FROM SPILLWAY AS A SUBSTITUTE FOR CEMENT IN THE MANUFACTURE OF CONCRETE," with the purpose being to develop the necessary technology for the enrichment of steel slag from steel mills, through its incorporation, as a substitute for cement, in the manufacture of concrete for different prefabricated or manufactured elements in-situ.

By replacing different percentages of cement with these enriched slags; a significant impact is achieved on the sustainability of the product, by decreasing the demand for cement and, in turn, enriching a material that, at present, is considered to be waste.

The project has confirmed the feasibility of using steel slag as a substitute for cement in a wide range of products, compliance with the values and parameters collected in the reference tests, with the main problem being the current wording of the applicable quality standards that do not include the application of this product in the compositions of raw materials approved for the manufacture of the respective products. In addition, the project has enabled these two companies to define a work methodology that provides for the incorporation of slag from different origins, guaranteeing an adequate yield for the products.

CARBON FOOTPRINT PER UNIT (Kg CO₂)



SUSTAINABLE CONSTRUCTION BY DRAGADOS

Customer demand in the field of sustainable building construction continues to grow. However this is not only true for building projects, but also in the field of infrastructure, such as the Bank Station Capacity Upgrade in the UK with CEEQUAL certification and the Gordie Howe International Bridge, Cote Vertu Subway Garage and Finch West LRT through Dragados Canada, with the ENVISION certification.

During 2018 a total of 10 works were being executed by Dragados with LEED, BREEAM or CEEQUAL certification for a value of more than € 660 million

and 49 projects were bid on with a certain type of sustainable certification requirement, corresponding to more than € 1,000 million.

In conformity with the commitment to continuous improvement held by Dragados, and in order to improve the process of reviewing contracts for works with LEED or BREEAM sustainable certification, guidelines have been made to collect the system requirements that guarantee compliance with the environmental requirements of the said certifications during the construction phase.

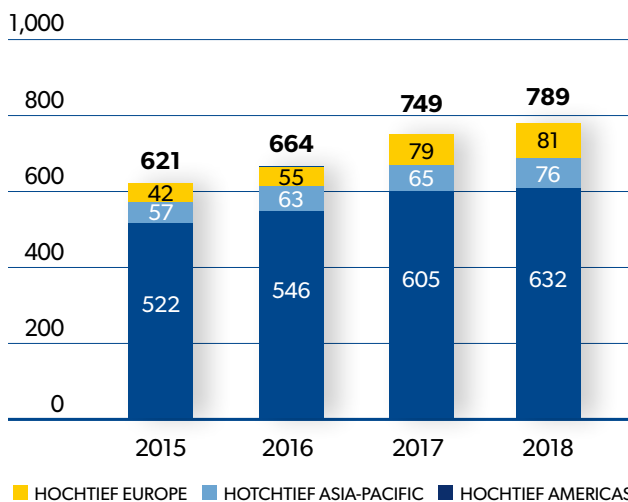
(301-1) Total materials used	2017	2018
Wood (m ³)	1,219,383	3,777,835
Steel (t)	551,342	1,310,393
Concrete (m ³)	4,104,025	4,739,630
Glass (m ²)	77,333	97,562

The ACS Group's building construction activities, performed mainly by HOCHTIEF and its subsidiaries, are carried out in accordance with sustainable construction standards in its main areas of operation.

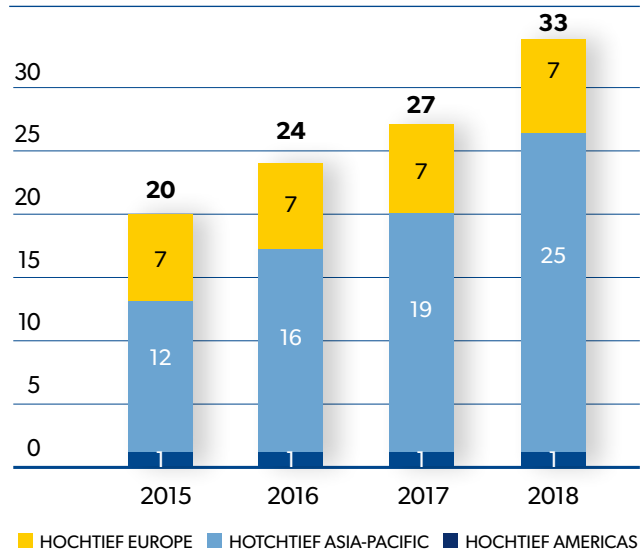
Since 2000, a total of Hochtief's 789 projects have been registered and certified in accordance with the respective certifications in terms of efficient construction.

Turner mainly adopts the LEED standard. While, CIMIC uses the Australian Green Star Methodology of the GBCA (Green Building Council of Australia) and LEED in its construction activities, while HOCHTIEF mainly adopts the DGNB, LEED and BREEAM certifications in Europe. Similarly, 33 projects were certified in terms of efficient infrastructure since 2013 (CEEQUAL, ISCA and Greenroads).

GREEN BUILDINGS IN HOCHTIEF*



GREEN INFRASTRUCTURE IN HOCHTIEF**



* Cumulative number (since 2000) of green Buildings certified built by HoCHTIEF.

** Certified and registered green Infrastructure (since 2013) number built by HoCHTIEF.

Also, in 2017, Dragados began the LEED and BREEAM certification for various building projects and in 2018, the objective was extended to include infrastructure projects.

In addition, the ACS Group companies also develop R&D projects aimed at reducing the consumption of construction materials, as well as its reuse and recovery.

6.1.4. PROTECTION OF BIODIVERSITY

The ACS Group's activities have an effect on the environment where the construction work is carried out, however, the company always tries to minimize the impact of its activities on the biodiversity, especially in protected areas or that of high ecological value.

Therefore, in its operations, the Group aims to strike a balance between development and conservation, in accordance with the following fundamental principles:

- Considering the initial value of the ecosystems which may be significantly affected by the Group's activities, products and services.
- Evaluating the impact of those activities, products and services on the ecosystems.
- Applying the imperative to mitigate impacts on the ecosystems by activities aimed at prevention, reduction, restoration and compensation.
- Implementing management plans whose purpose is to preserve or restore biodiversity in those activities or services which have a significant impact on the ecosystems.

- Establishing criteria for non-action, to prevent the development of activities or services in specific areas, on the basis of criteria tied to the intrinsic value or vulnerability of these areas.

Thus, the implementation of measures to conserve the flora and fauna is one of the environmental principles applied in planning operations. These measures are based on physical protection, transplanting or transfer, as well as on respect for the life cycles of the plant and animal species affected.

The ACS Group prepares environmental impact studies, which attempt to minimize the possible adverse effects of projects on the environment. Public participation in procedures to approve these projects is guaranteed by the national and regional legislation in each of the countries where they are carried out. The company also has supervision plans that guarantee the fulfilment of the preventive measures and reduce the impact of projects and processes not subject to environmental impact assessments.



ENVIRONMENTAL MITIGATION MEASURES IN THE ABERDEEN HARBOUR EXPANSION PROJECT (DRAGADOS)

The port of Aberdeen is one of the most active ports in the United Kingdom. In Nigg Bay south of the port there is continuous transformation through the development of new facilities and infrastructures. This will give the port greater capacity for the placement of the larger ships, for which the markets, both existing and new, have expanded.

To design the increase in the existing depths, which vary between -9m and -10.5m, dredging and blasting of the seabed of the bay will be required. These activities can be highly disruptive, especially to the local population of marine mammals, which include the bottle nosed dolphin, harbor porpoise, white-bill dolphin, minke whale, Risso dolphin, gray seal and harbor seal. As a result of this, several measures will be implemented to mitigate the impact and minimize the possible negative factors.

In 2015 an Environmental Declaration was prepared in which the possibility of significant effects on a number of issues related to the recipients was considered, including, among others, the surrounding marine physical environment, the conservation of local natural habitat, the ecology of fish and shellfish, marine ornithology and marine mammals.

In addition to this, an additional Environmental Report was developed in 2016, to provide more information on, among other topics, the methodology of the blasting project and the mitigation strategies to follow. More recently, and once all the relevant stakeholders were in agreement, including the Scottish Marines, Scottish Natural Heritage, the Aberdeen City Council, the Scottish Environmental Protection Agency, etc.; it was ratified within the Construction Environmental Management Document (CEMD), which also ratified that all blasting works must comply with European legislation on protected species.

The most relevant measures agreed upon and in force during the project's blasting activities to mitigate the impact are:

1. Blasting will be limited to daylight hours. If explosions occur outside daylight hours due to exceptional circumstances, a full written report

will be sent to the competent authority (Marine of Scotland) within 48 hours.

2. Due to the operating limits of the vessels that carry out the drilling and blasting, this will not take place during bad weather, if the height of the waves is greater than 0.5 m or the sea state is higher than three on the Beaufort Scale.

3. Mitigation zones have been defined (1000 m for marine mammals and 500 m for seals), thus ensuring that no marine mammals are close enough to the point of explosion to harm them. The constant presence of the marine mammal observer (MMO) and the passive acoustic monitors (PAM) ensure that there are no marine mammals within the mitigation zone, as of 1 hour prior to the scheduled explosion.

4. The ECoW Project will also carry out bird checks in the vicinity of the blasting area before the scheduled explosion.

5. Before each main explosion, a small detonation is done to scare the fish away.

6. The explosion will only occur behind a double bubble curtain that will activate 15 minutes before each explosion and will be located at different points to attenuate any explosion noise reaching "open waters."

7. A vibration, terrestrial noise and underwater monitoring (UWM) control will be performed for each explosion, which will serve to ensure the compliance of the underwater noise in comparison with the agreed upon reference point.

8. Information on dead or injured fish recorded before blasting and after blasting will be recorded and provided to the Marine Scotland Licensing Operations Team (MS LOT) in the blast report. If MMOs see adverse effects on marine mammals, they will also provide immediate notification.

9. After each explosion, MMOs will continue to observe for 15 minutes and the PAMs will continue to monitor for 20 minutes to determine how quickly the seals return to the 500 m mitigation zone with that all remaining marine mammals return to the mitigation zone of 1 km.

REHABILITATION OF MINING AREAS BY CIMIC

The rehabilitation of the affected areas is a fundamental element of the treatment of biodiversity in construction sector, infrastructure services and especially in mining activities. In this area, the rehabilitation and progressive recovery of the affected areas is especially important, which

involves establishing erosion control structures, soil recovery and replanting. Cimic seeks to ensure that all affected areas are rehabilitated in a way that is safe, stable and suitable for the agreed upon subsequent uses, such as agriculture, grazing or natural habitats.

Rehabilitation of CIMIC mining areas (hectares)	Reshape	Soil Recovery	Seeded
Australia / Pacific	105.9	90.6	7.8
Asia / Africa / America	229.5	180.4	0
Total	335.4	271.0	7.8



6.2. THE ACS GROUP'S PEOPLE

The ACS Group's business success comes from the talent of its teams. Hence the company maintains its commitment to continuously improving their skills, capabilities and level of responsibility and motivation, while at the same time addressing working and safety conditions with the utmost dedication.

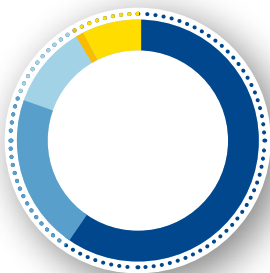
The ACS Group applies modern and efficient human resource management tools with the goal of retaining the best professionals. Some of the fundamental principles governing the Group companies' corporate human resources policies are based on the following common actions:



- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to drive the excellence of work well done.
- Acting quickly, promoting the assumption of responsibilities and minimizing bureaucracy.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

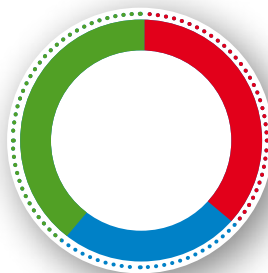
The ACS Group is an active advocate of human and labor rights, as recognized by various international bodies.

EMPLOYEES BREAKDOWN BY GEOGRAPHICAL AREAS



- EUROPE **56.9%**
- AMERICA **23.1%**
- ASIA **10.5%**
- AFRICA **0.2%**
- OCEANÍA **9.3%**

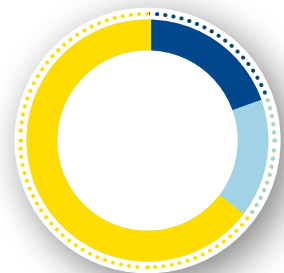
EMPLOYEES BREAKDOWN BY ACTIVITY AREA *



- CONSTRUCTION **35%**
- INDUSTRIAL SERVICES **26%**
- SERVICES **39%**

* Not including 52 employees from Corporate.

EMPLOYEES BREAKDOWN BY PROFESSIONAL CATEGORY



- GRADUATES AND PERSONNEL WITH DIPLOMAS **18%**
- NON GRADUATE AND ADMINISTRATION STAFF **17%**
- OTHER STAFF **65%**



STAFF OF THE ACS GROUP AT YEAR END

195,461



WOMEN

38.8%

AS % OF THE ACS GROUP'S TOTAL

9,431

GRADUATES AND
PERSONAL WITH
DIPLOMAS

2,103

EMPLOYEES WITH A
MANAGEMENT POSITION
(HEAD OF CONSTRUCTION/PROJECT OR SIMILAR AND HIGHER)

10,833

NON GRADUATE AND
ADMINISTRATION STAFF

125

SENIOR MANAGEMENT
POSITIONS

12.9%
TOTAL
TURNOVER

9.5%
VOLUNTARY
TURNOVER

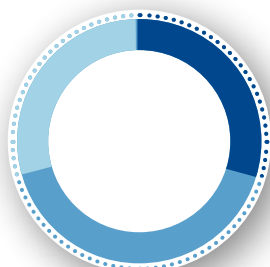
41 YEARS
AVERAGE AGE

55,654

OTHER STAFF

6.4 YEARS
AVERAGE SENIORITY

EMPLOYEES BREAKDOWN BY AGE



EMPLOYEES BREAKDOWN BY COUNTRIES



MEN

61.2%

AS % OF THE ACS GROUP'S TOTAL

25,755

GRADUATES AND
PERSONAL WITH
DIPLOMAS

10,203

EMPLOYEES WITH A
MANAGEMENT POSITION
(HEAD OF CONSTRUCTION/PROJECT OR SIMILAR AND HIGHER)

23,082

NON GRADUATE AND
ADMINISTRATION STAFF

866

SENIOR MANAGEMENT
POSITIONS

18.2%
TOTAL
TURNOVER

13.1%
VOLUNTARY
TURNOVER

41 YEARS
AVERAGE AGE

70,708

OTHER STAFF

5.7 YEARS
AVERAGE SENIORITY

In 2018, the total turnover in the ACS Group was 17.47% and the voluntary turnover was 12.44%. The number of dismissals reported was 27,2397, in these figures, more than 70% of them come from international construction companies based on the respective management systems, considering both dismissals and contract terminations. In 2019, work is being done to adapt these management systems

to report only the data on dismissals in subsequent reports. Of these dismissals, 90% were men and 10% of women. The breakdown by professional category is 7% Graduates and personal with diplomas, 8% Non graduate and administration staff and 85% of other personal. By age range, 53% corresponds to under 35, 32% to employees between 35-50 years and the remaining 15% to people over 50 years.

7. Scope of data: 93.98% of the ACS Group's staff in 2018.

6.2.1. DIVERSITY AND EQUALITY

In the basic principles contained in the Code of Conduct of the Group there is an emphasis on equal opportunities, non-discrimination and respect for human and labor rights, which are also important factors in promoting the professional and personal development of all the employees of the ACS Group. Therefore, the ACS Group rejects any type of discrimination, in particular that which is based on age, sex, religion, race, sexual orientation, nationality or disability.

Likewise, in 2018 year the ACS Group has approved a new version of its Diversity Policy which serves to manifest, implement and develop the commitment of ACS and its Group to diversity and inclusion of all types of groups and sensitivities in the different areas and levels of the Group, establishing the guidelines and objectives that should govern the performance of the Group in terms of diversity.

Given that the ACS Group's geographic spread means that it is a diverse and multicultural Group, the intention is to continue and encourage the joining of professionals with a broad range of profiles, including various races, ethnicities,

ages, nationalities, languages, levels of education, skills, religions and gender, so that all of this is a constant in the Group's day-to-day activities. This Policy applies to the members of the administrative bodies as well as any job position. Within this Policy, it is stated that the companies of the ACS Group must adopt those measures that, given their characteristics and specific circumstances, allow them to achieve the diversity objectives specified therein, generating a diverse and inclusive work environment, and will be applied in the ACS Nominating Committee, which will monitor and evaluate the application of this Diversity Policy. The breakdown of the different types of contracts by gender, age and professional classification is shown below. Part-time contracts are not broken down, being that the information collection systems are not prepared to collect this information, whereby an effort will be made to include this information in the 2019 report. Even so, a query has been carried out and it has been estimated that, due to the characteristics of the ACS Group's activities, Clece is the company with the greatest representation of this type of contract, which is estimated at around 60% of its contracts.

	2018		
	Men	Women	Total
Permanent contracts	63,572	47,969	111,541
Temporary contracts	55,972	27,948	83,920

	2018			
	Age <35 years	Age between 35 and 50 years	Age >50 years	Total
Permanent contracts	27,409	47,126	37,006	111,541
Temporary contracts	28,176	40,315	15,430	83,920

	2018			Total
	Graduates and personal with diplomas	Non graduate and administration staff	Other staff	
Permanent contracts	27,751	22,525	61,265	111,541
Temporary contracts	7,435	11,389	65,097	83,920

Specifically, the Appointment Committee will ensure that the selection procedures for the members of the Board favor diversity with regard to the aforementioned issues and, in particular, that they facilitate the selection of female directors in a number that makes it possible to obtain a balanced presence of women and men. The remuneration of the Board is shown in the table below.

The ACS Group's Management Committee, is composed of 6 managers (all men) who in the year 2018 have had an average annual remuneration of € 3,855 thousand of euros (including fixed and variable compensation) and an average annual contribution to the pension plans of € 989 thousand of euros.

Thousands of Euros	Number of Board Members	Average remuneration 2017 period	Average remuneration 2018 period	Change
EXECUTIVE DIRECTORS (1)	5	6,920	4,962	-28.3%
Fixed remuneration		1,414	1,472	4.1%
Variable remuneration (2)		4,718	2,606	-44.8%
Contributions to the long-term savings systems		787	879	11.7%
Other items		0	6	n.a.
Thousands of Euros	Number of Board Members	Average remuneration 2017 period	Average remuneration 2018 period	Change
NON-EXECUTIVE BOARD MEMBERS	13	234	233	-0.7%
WOMEN	3	164	189	15.4%
MEN	10	255	246	-3.8%

(1) The Executive Directors of the ACS Group are men.

(2) Includes annual short-term variable remuneration and long-term plans.

The Group's commitment to diversity and equal opportunities is reflected in all areas of the company. Regarding gender, companies representing 95.31% of the Group's employees have adopted measures to promote equal treatment and opportunities for men and women, among which 72.55% of the Group's employees are covered by Equal Opportunity Plans and in companies that represent 98.27% of the employees of the Group there are protocols against sexual harassment.

Likewise, in Group companies that represent 98.27% of the Group's employees, measures have been taken to ensure equal opportunities and avoid discrimination in the selection processes for any job position. In regards to this aspect, it is worth noting that, in recent years, the ACS Group's commitment to the representation of women in the working world and their professional development, has materialized, as since 2012 the number of women in executive positions has increased by 112%.



The ACS Group promotes the policies of equal opportunities and diversity for all its companies, by encouraging the participation of its employees in initiatives and proposals that make progress in this direction. The Group also ensures that the policies regarding compensation and retention of talent are in line with these basic principles. To this end, the ACS Group carried out a preliminary study in 2018 on wage equality among all the companies of the Group, which made it possible to provide the first assessment of the average remuneration of the more than 195,000 employees that comprise the ACS Group. For the average remuneration, the average annual compensation for the ACS Group employees was taken into account considering the respective base salary and other cash incentives. The weighted average is shown in the consolidated data, while being disaggregated by gender, professional classification and age.

The salary differences detected are mainly due to the greater presence in activities such as Construction in countries with a higher per capita income, as

well as the typology, specialization, working hours, seniority, risk factors or location of the different activities of the Group, which includes everything from workers at heights in the United States to mining in Australia, with high levels of danger and higher per capita income, to the activity of Services, where the staff is located mostly in Spain and its activity is concentrated in cleaning services, home care and care for the elderly with salaries regulated by the collective bargaining agreements of each business activity.

This diversification of activities and the distribution of employees in countries with different income levels justify the differences found in the breakdown of the average compensation table.

Likewise, the ACS Group has launched a study on the possible salary gap in the different countries of the Group, which will make it possible to deepen the commitment to equality, which is an essential principle of action for the ACS Group.

2018			
Annual average remuneration (€)	Men	Women	% Change
Directors and university graduates	79,936.0	62,720.5	-21.5%
Middle-level skills and Administration staff	39,842.4	37,459.2	-6.0%
Other staff			
Construction	53,160.6	46,023.3	-13.4%
Industrial Services	19,035.0	15,871.4	-16.6%
Services	14,223.6	13,439.4	-5.5%

Annual average remuneration (€)	2018
Age <35 years	30,304.3
Age between 35 and 50 years	36,118.5
Age >50 years	30,403.6

The ACS Group also understands the important role that having local roots and being sensitive to each place's unique features has in the company's success. For that reason, it promotes direct hiring of local employees and executives. In addition, the ACS Group is strongly committed to the inclusion of

people with disabilities and others from vulnerable groups into the workforce. Specifically, in the year 2018 the ACS Group had 7,080 people with a disability and in companies that represent 76.77% of the employees, they have systems to ensure the universal access by their employees.

WORKFORCE INCLUSION OF VULNERABLE GROUPS IN CLECE

Clece Social is the social project of the Clece Group which expresses its commitment to the people. A commitment which is not considered to be a duty of the company or a strategy designed for social responsibility, but rather something inherent to its origin and its development: a company of people for the people. Among its objectives is to promote equal opportunities through the inclusion of people from disadvantaged groups, mainly persons with disabilities, persons at risk of social exclusion, women experiencing gender-based violence, victims of terrorism and long-term unemployed youth.

Whereby, in 2018, 8,749 people, representing 11.6% of the Clece Group's staff belonged to one of these groups. This figure has increased by more than 1,200 people compared to the previous year.

To achieve this goal, during this year Clece has continued working through collaboration agreements with more than 350 institutions and non-profit organizations, in addition to its own initiatives. One of them was "Project 139" which was the name given to the commitment undertaken by Clece in the delivery of the III Commitment Awards in November 2017, to hire 139 women victims of gender violence throughout 2018. It was a symbolic figure equal to the number of nominations submitted that year for the category of Best Social Project. In an effort to promote the labor integration of

victims of gender violence, Clece works with more than 120 associations dedicated to this group. The company is part of the program of the Network of Companies for a Society Free of Gender Violence, promoted by the Ministry of Health, Consumption and Social Welfare, which aims to raise society's awareness of this menace, while also promoting the social and labor inclusion of the victims. The project was completed on October 31, 2018 with a final figure of 169 women victims of gender violence being hired in 11 months.

In the same way, Clece continued to hold its VII Forum for Integration in Santander in 2018 under the slogan "Are we talking about labor inclusion?" which brought together different players involved in the inclusion of people with disabilities into the workforce, as well as victims of gender violence and people at risk of exclusion. On the other hand, in May 2018 LaborMAD was held, which was an event that Clece organized in Madrid, intended for the recruitment of people from vulnerable groups to work in the respective services that the company provides in the Community of Madrid. An event that allowed hundreds of personal interviews with candidates interested in occupying any of the more than 1,500 positions offered in such service as home care, nursing homes and senior care centers, property cleaning services, maintenance, gardening, information services and access control.



[Social Project](#)



[Inclusion & Employment Project](#)



[Video of Project 139](#)



[Video of LaborMAD](#)

6.2.2. ORGANIZATION OF THE WORK AND SOCIAL RELATIONS

[102-41]

The ACS Group encourages spending time with the family, and in companies that represent 81.01% of the Group's employees, measures have been established such as flexible hours, telecommuting, a greater number of vacation days than legally required, reduced working hours according to the law, accumulation of breastfeeding time, among others, with 38.11% of the Group's employees

being covered by these measures. In 2018, this has provided for the reincorporation of 92.89% of the women after their maternity leave and 98.11% of the men.

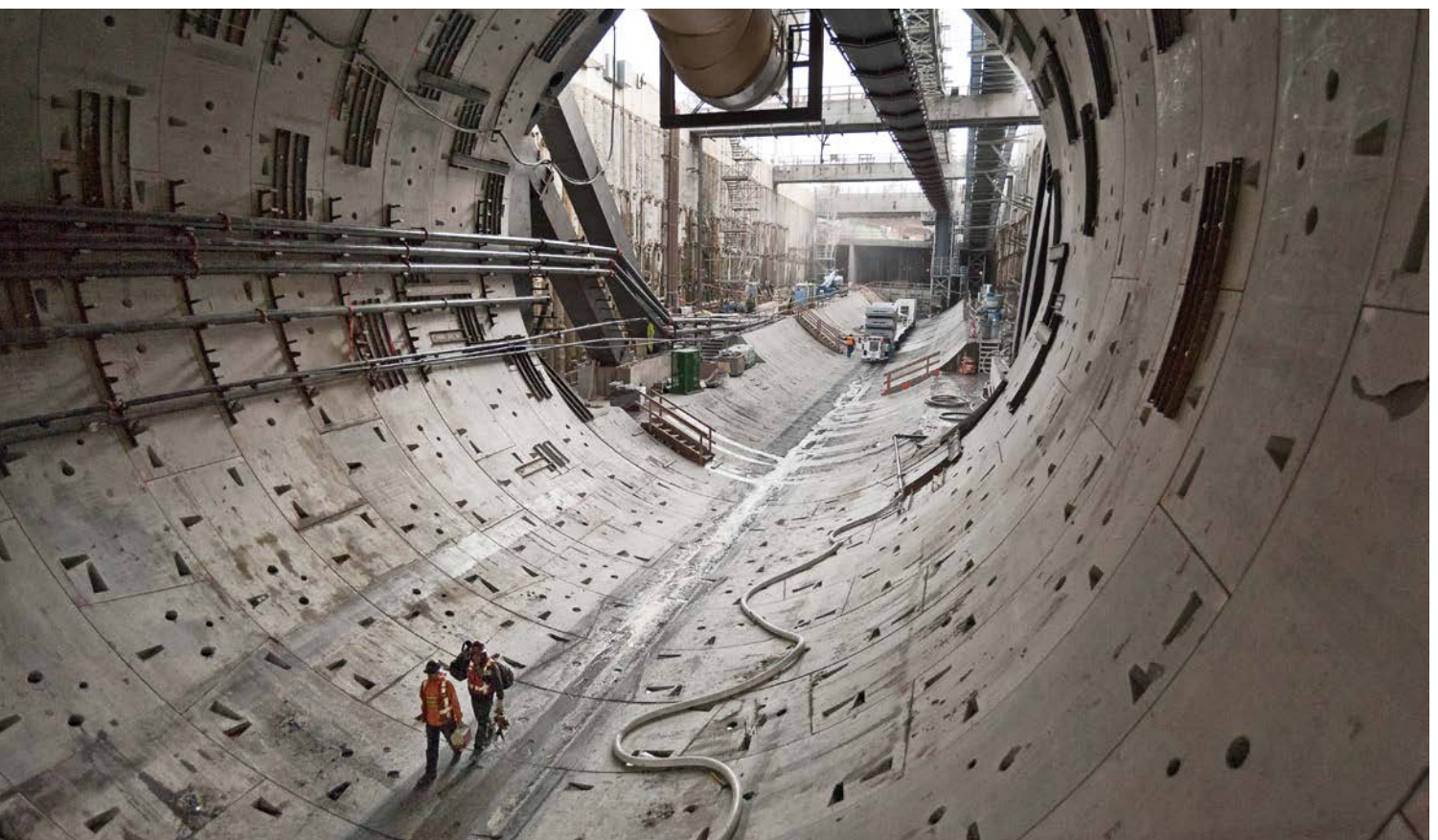
This improvement in the organization of the work and also the improvements related to safety and health, as a result of both mandatory and voluntary programs carried out by the company, have allowed for a reduction in the absenteeism rate in recent years.

	2015	2016	2017	2018
Total number of days lost (due to absenteeism)	967,184	1,046,251	765,812	641,337
Percentage of days lost due to absenteeism	2.1%	2.3%	1.5%	1.2%

In a similar manner, the company promotes, respects and protects the freedom to form trade unions and the right of association for its workers. Thus, in 2018, 13.47% of the employees of the ACS Group were affiliated with union organizations and 70.42% were covered by collective bargaining agreements or by an independent union. By country, in companies with headquarters located in Spain 90.3% are covered by collective bargaining agreements or by an independent union, 96.4% of employees for which the respective headquarters is in Germany and 24.1% of employees for which the respective headquarters is in Australia. As regards the list of collective bargaining agreements on safety and health, in 2018, 80.17%

of the workers of the ACS Group are represented by formal committees of safety and health for management and employees. In companies representing 67.82% of the Group's workers, the collective bargaining agreements with the unions cover matters related to health and safety, and in these, 70.68% of health and safety matters are covered.

In a similar manner, in addition to the list of unions, the ACS Group also provides formal channels of dialog for maintaining relationships with workers, as with the ethics channels for example, and in the majority of the group there are minimum periods required for the advance notice of significant operational changes.



6.2.3. DEVELOPING TALENT

TRAINING: COMMITMENT TO PROFESSIONAL DEVELOPMENT

The ACS Group promotes the professional development of its workers. With this aim, it has an employment policy that generates wealth in the areas where it operates.

Each ACS Group company manages the development of its staff independently, adapting their needs to the specific characteristics of their activity, although all address the elements defined in the Skill Development and Assessment Policy:

	2017	2018
Employees covered by a formal system of professional development	94.2%	94.6%
Employees subject to performance evaluation processes	30.8%	32.8%
Employees covered by variable compensation systems	93.3%	97.7%



SKILL DEVELOPMENT AND ASSESSMENT POLICY

The ACS Group seeks to develop the following best practices with regard to skill development and assessment:

1. Strengthen performance evaluations through the achievement of goals.
2. Multidimensional performance evaluation (180° or 360°).
3. Strengthen the individual evaluation of employees, by recognizing and encouraging leadership among those with high potential.
4. Apply incentives related to long-term goals for staff below senior management.
5. Associate incentives related to long-term goals with non-financial performance indicators (environment, health and safety, customer satisfaction, relationship with stakeholders, etc.).
6. Implement measures to reduce the rate of voluntary turnover.
7. Measure employee satisfaction.
8. Take measures to increase employee satisfaction.
9. Implement a global metric to quantitatively evaluate the benefits for the business of investing in human capital.

DRAGADOS YOUNG TALENT PROGRAM

In an increasingly competitive international market in which the search for and retention of talent is essential for the development of companies, Dragados has once again invested in hiring young talent that recently graduated, for the company's main construction projects, thus offering them the opportunity to learn and develop in this sector.

This program is aimed at establishing itself as a benchmark in the learning and development of these young people through the experience in construction, training, mentoring and evaluation, with the objective being to obtain information that will serve to identify and retain their talent based on their concerns.

For this reason, in 2018, more than 60 recent graduates in Civil Engineering, graduates in Business Administration and Industrial Engineering have been hired for national projects with the aim being to train them in the main business segments and systems. This training will allow them to acquire a global and complete vision that is fundamental for their subsequent development in the main national and international projects of Dragados.

These technicians join the almost 100 young participants of the program from previous editions who are developing their career with us.

Since 2017 we have been working on a coordinated project between the Human Resources Departments of Dragados Spain, USA and Canada with the aim being to continue to expand the young talent development program at the international level. The success obtained in this program in Spain since 2014, led to the implementation of this program at the international level.

In this way, the different North American construction companies of the Group have been incorporated into this Plan. It aims to promote and encourage young talent and provides a first step into the world of work.

The program entitled "Engineering & Finance Development Program" currently has more than 100 Engineers and 20 Financial Professionals, hired by North American construction companies. In 2018, around 60 Engineers and 10 Financial Professionals were hired. The plan consists of 3 years of training and follow-up where they receive technical professional training and have a mentor who evaluates them and provides guidance regarding their performance. The practical training is obtained by incorporating them into the company's most significant works.

The company's interest in incorporating young graduates continues to be more and more evident, which is providing opportunities for promotion and continuous development.

CURRENT

	Spain	International
Civil Engineers	64	35
Industrial Engineers	9	6
Business Administration	29	15
Architect	1	
Total	102	56



DRAGADOS EVALUATION AND TALENT PLAN

Dragados considers it to be essential to obtain information that allows for the development and retention of in-house talent. For this reason, during the 2018 year, the project to evaluate the young talents hired by the company, within the Young Talent Program of Dragados, continued.

The profile of these graduates in Road, Channel and Port Engineering, graduates in Business Administration and Industrial Engineering, newly hired and with up to 4 years of experience, demonstrate a high level of English, learning potential and motivation to develop their professional career in the construction field.

Currently around 160 young talents are incorporated into large construction projects both in Spain and in the rest of Europe, USA, Canada and South America. They are beginning or consolidating a career as great professionals in our company nationally and internationally, while acquiring more and more responsibilities.

The objective of the evaluation is, on the one hand, is to learn about the professional status of these workers in order to offer an answer to their professional concerns and expectations and, on the other hand, to identify the internal talent which, based on their attitudes and aptitudes, provides for an adjustment of the employee to the internal needs of the company.

After conducting the evaluations consisting of a questionnaire and a personal interview with the worker and his/her superior/professional mentor, assessments and information have been obtained in terms of competence as well as the worker's previous experience and professional expectations, which allows us to make decisions about possible internal changes, promotions and professional development in the company.





SICE EXECUTIVE DEVELOPMENT PROGRAM

The Executive Development Program provides tools to improve the management of SICE's professionals and managers, while enhancing their managerial skills. From a practical point of view, we work on the fundamental aspects of today's management practices.

The fundamental skills, techniques and tools are developed to improve management. The participants benefit from enhanced development of managerial skills and a more complete vision of management.

SICE seeks to develop greater competitiveness, reduce turnover and increase its profitability, by delivering the tools to carry out its activities more efficiently, while developing the skills of managers, which directly impact the company's bottom-line.

Contents:

- I. People and business leadership.
- II. Change Management in the company and staff changes.
- III. Effective negotiation techniques and conflict management.
- IV. Executive effectiveness: management of time and work under pressure and optimization of results.

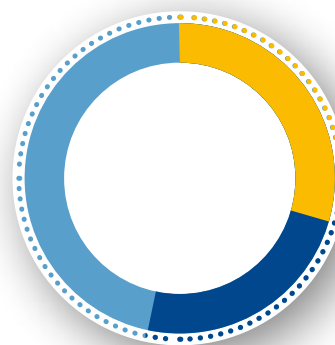
TRAINING PLANS

The ACS Group has programs for on-going training and skills development, aimed at covering the employees' training wants and needs, as identified during the year and in line with the competences established in the management models. In addition, the training plans are highly focused on employees' professional and personal development.

The training plans for the different companies are updated regularly to adapt them to the needs of each business and, in the end, of each person.

In order to determine the efficacy of the training programs, the Group companies evaluate the courses given at various levels: satisfaction of the participants, knowledge acquired by the participants and impact on the performance of the participants in the area in which they have been trained.

CLASS HOURS
BREAKDOWN BY
PROFESSIONAL CATEGORY



- GRADUATES AND PERSONNEL WITH DIPLOMAS **32%**
- NON-GRADUATE AND ADMINISTRATION STAFF **22%**
- OTRO STAFF **46%**

	2017	2018
Total class hours given	2,174,758	2,553,214
Class hours per employee (based on total employees)	12.5	13.6
Employees participating in training activities	83,845	94,159
Class hours per employee (based on total employees trained)	25.9	27.1
Investment in training (Millions of €)	28.5	33.0
Investment per employee in training (based on the total number of employees) (€)	156.4	173.2
Investment per employee in training (based on total employees trained) (€)	340.0	350.3

6.3. HEALTH AND SAFETY

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The prevention of labor risks is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

The ultimate target of the ACS Group is to create a culture of occupational risk prevention enabling it to attain an accident rate of zero. The Group is getting closer and closer to reaching this goal thanks to the work of the prevention services and the commitment of employees, suppliers, contractors and collaborating companies.

Although each Group company is managed independently, the great majority of them share common principles in the management of their employees' health and safety.

- Compliance with current regulations on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into all activities and at all levels through proper planning and implementation.
- Adoption of measures beyond regulations to ensure employees' protection and well-being.
- Application of the principle of on-going improvement of the system. And the extension of its principles and the participation of employees through training and information.

- Investment in certification of personnel and application of technological innovations to prevent accidents.

- Development of measures to protect the safety of third parties at the companies' facilities.

The large majority of companies have a specific department and a health and safety management system to comply with the above action plans and priorities.

At the companies that have these types of systems, the following activities are performed:

- Periodic assessment of the risks to which employees are exposed.
- Definition of prevention plans with formal targets that incorporate the improvements identified in the assessment processes.
- Identification and recording of situations that could have given rise to an incident (near misses).
- Workers' and managers' remuneration are linked to achievement of formal targets in regards to health and safety.

The supervision and optimization of these systems involves setting and monitoring objectives, generally on an annual basis, which are approved by senior management. The Risk Prevention Plans implemented at the Group companies include the conclusions from the periodic risk assessments made and establish guidelines for achieving the objectives set.



6.3.1. TRAINING

Training and information are the most effective measures to raise awareness and get people from the company involved in meeting the health and safety goals.

The ACS Group collaborates with organizations specialized in health, safety and risk prevention and actively participates in the major conferences, congresses and forums organized domestically and internationally.

	2017	2018
Employees who have received training on safety and health during the year (%)	69.6%	73.1%
Employees who have received training in occupational safety and health throughout their career with the company (%)	99.9%	99.7%



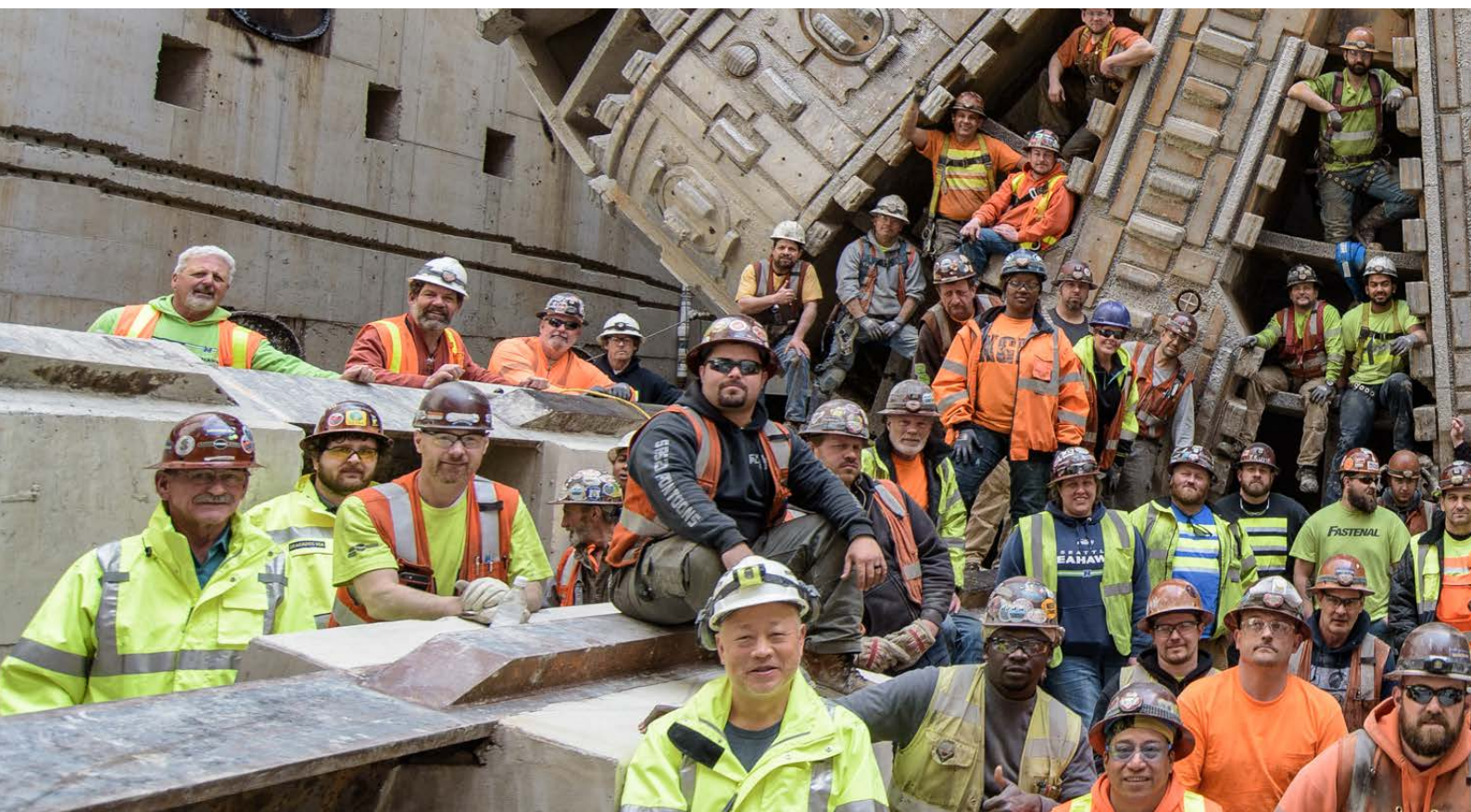
6.3.2. SAFETY STATISTICS

This ongoing effort made by all ACS Group companies in relation to health and safety is evident year after year in the continued improvement in the loss rates that have decreased for all areas of activity.

The Services activity has, by its nature of business, has greater incidence and frequency. Given the weight of the service activity, it has an impact on all the consolidated indicators, especially in the breakdown by gender, since the Services activity is where the highest concentration of women in the ACS Group can be found.

	2015	2016	2017	2018
Percentage of total employees covered by the certification OSHAS18001	82.8%	85.4%	88.0%	90.1%
Investment in Safety and Health (€ mn)	128	142	143	160
Spending per employee on safety (€)	754.2	838.0	783.5	817.6

Accident rates Employees	2015	2016	2017	2018
Frequency rate	13.04	13.73	12.25	11.27
Construction	3.29	3.02	2.72	3.17
Industrial Services	9.89	6.81	6.33	5.55
Services	28.80	32.74	31.46	28.68
Severity rate	0.37	0.38	0.34	0.30
Construction	0.09	0.11	0.08	0.08
Industrial Services	0.33	0.17	0.17	0.16
Services	0.79	0.87	0.88	0.77
Incident rate	24.62	25.85	23.14	21.09
Construction	7.65	7.01	6.04	6.91
Industrial Services	20.36	14.25	13.60	11.20
Services	41.15	46.79	44.95	41.86



	2018	
	Men	Women
Frequency rate	6.13	22.24
Construction	3.62	0.63
Industrial Services	5.97	1.53
Services	21.45	31.01
Severity rate	0.16	0.60
Construction	0.09	0.03
Industrial Services	0.16	0.04
Services	0.59	0.83
Incident rate	12.70	34.63
Construction	7.99	1.38
Industrial Services	12.04	3.16
Services	35.43	43.39

	2018
Total number of cases of occupational diseases (employees)	105
Total number of cases of occupational diseases (Male employees)	75
Total number of cases of occupational diseases (Female employees)	30
Frequency Rate of Occupational Diseases (employees)	0.280
Frequency Rate of Occupational Diseases (Male employees)	0.295
Frequency Rate of Occupational Diseases (Female employees)	0.250

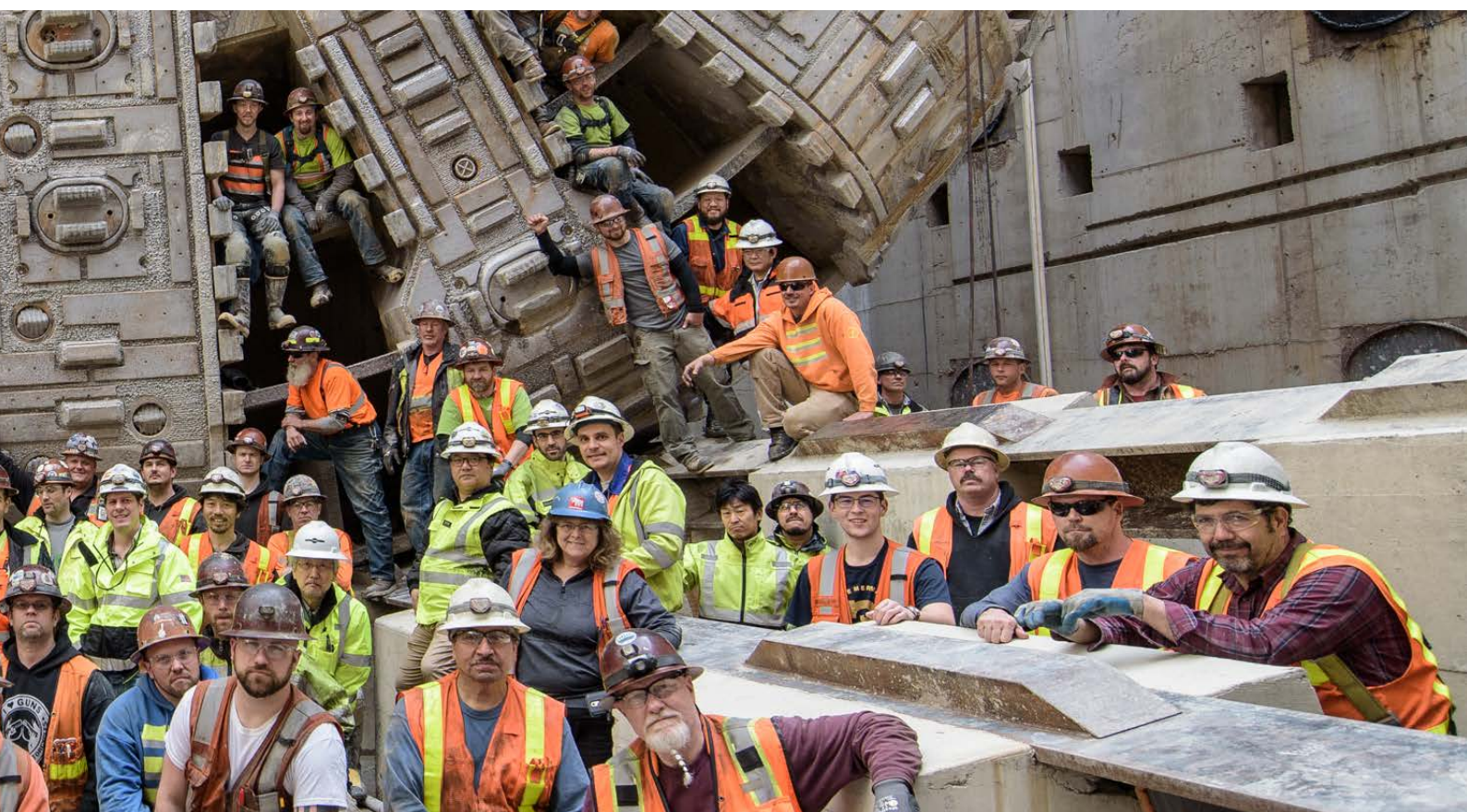
Health and Safety Glossary

Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.

Severity Rate: Number of working days missed due to accidents per 1,000 hours worked.

Incident Rate: Number of accidents with time off per 1,000 workers.

Occupational Frequency Rate: Number of occupational diseases per million hours worked.



RDI PROJECT (COBRA): REPORTING OF INCIDENTS, THE BRIDGE TOWARDS A PREVENTIVE CULTURE

The Senior Management of the COBRA Group maintains a firm leadership and commitment regarding the management of Occupational Health and Safety. There are many actions that have been carried out, although not all receive notoriety. Both the most visible, and the least, are fundamental for results-oriented management in relation to Occupational Health and Safety, the fact is that the Incident Reporting Project (Proyecto RDI) is an essential tool, which remains a lever for change towards a preventive culture, which has an interdependent relationship.

In COBRA, there is a firm belief in this Project globally. The objective is to significantly improve the voluntary reporting of information. To this end, the commitment of the Senior Management is maintained, which has been transmitted in several conferences, meetings and campaigns in a continuous manner over time. Given that it is a cultural change, much work must be done in carrying out pedagogical work throughout the Organization, so that it reaches each and every one of the employees, both in-house and those of the partner companies.

The project is based on transmitting the following basic principles:

- Risk prevention is not only a priority, it is one of the company's values. There is nothing more important than a person's life.

- When an incident occurs, the organization must know about it. Therefore, any incident that occurs should be reported with absolute confidence. As, Cobra will include it as a "lesson learned" in order to prevent it from occurring again and avoid escalation. Each report is analyzed and resolved.

- Reporting an incident is a personal initiative, in which the employee demonstrates their concern for their own safety and that of their colleagues. This constitutes pro-active participation, and not a passive one, in the management of the Occupational Health and Safety. We encourage positive recognition of the person who participates by providing the voluntary information report.

In 2018, this initiative was a fully implemented project, with more than 31,000 reports of registered labor incidents, which has provided for a significant reduction in accident rates recorded since the implementation of the Incident Reporting project. For the next few years, the objective is to continue the advancement of this project, as a measure for continuous improvement in this area.

The Management is firmly committed to being a reference in the field of safety, by introducing an authentic culture of prevention in all the tasks that are carried out, until ensuring that safety is an inalienable value, which is part of the daily life of all members of our Organization, being, therefore, a tool that allows us to achieve operational excellence.





ACCIDENT RATES SUBCONTRACTORS

The spreading of the risk prevention culture among suppliers, contractors and collaborating companies

is another of the Group's basic lines of action in terms of safety. Details on the control and management efforts in this area are included in this document in the Suppliers section.

CONTRACTORS	2015	2016	2017	2018
Frequency	4.74	3.16	3.44	3.17
Construction	9.99	4.46	4.75	4.01
Industrial Services	1.90	1.36	1.60	1.85
Services	0.00	0.00	0.00	0.00
Severity	0.05	0.09	0.11	0.10
Construction	0.07	0.13	0.09	0.10
Industrial Services	0.04	0.04	0.13	0.10
Services	0.00	0.00	0.00	0.00

* Given that Clece does not work with subcontractors, the indicators of the Services activity drop to zero.

** Since 2016 the data for HT Asia Pacific is included under Construction.

6.4. REGULATORY COMPLIANCE: HUMAN RIGHTS AND COMBATING CORRUPTION AND BRIBERY

The ACS Group and the companies that comprise it are firmly committed to complying with its internal codes and the Corporate Social Responsibility policy. Throughout 2018, all divisions of the ACS Group proceeded to implement Compliance Management Systems, aligned with the main international regulatory standards. This process culminated in the last quarter of the 2018 period with the certification of the criminal compliance systems of the Group's head companies (ISO Standard 37001 and UNE Standard 19601).

In this manner, in 2018, the head companies of ACS in Spain were equipped with a criminal and anti-bribery Compliance Management System in order to structure an environment for the prevention, detection and early management of criminal and anti-bribery Compliance Risks, as well as to reduce its undesired effects in the event that they materialize, contributing to the generation of an ethical culture and respect for the Law among all ACS associates.

6.4.1. RESPECT FOR HUMAN RIGHTS: THE ACS GROUP'S CODE OF CONDUCT AND HUMAN RIGHTS POLICY

For the ACS Group, its commitment as a business to respecting human rights according to the ethical principles and the corporate culture that guide the performance of its activities and the achievement of its goals, is a key aspect. The main commitments in regards to this matter are contained in two internal codes of the ACS Group: the Code of Conduct and the Human Rights Policy.

CODE OF CONDUCT

The Code of Conduct summarizes the basic principles of Conduct for the ACS Group and constitutes a guide for employees and managers of the ACS Group in relation to their daily work, the resources used and the business environment in which this takes place.

The basic principles for action in the Code of Conduct are as follows:

• **Integrity:** Among its employees, the ACS Group promotes the recognition of behavior consistent with the fulfillment of the principles of: loyalty to the company, abiding by the law, honest management, fair competition, fiscal responsibility and confidentiality.

• **Professionalism:** the employees and directors of the ACS Group must demonstrate their high level of professionalism. In this regard, their behavior must be based on the following principles: quality and innovation, customer mindedness, use and protection of company assets, impartiality and objectiveness in relationships with third parties and transparency.

• **Respect for others and for the environment:** ACS assumes the commitment to at all times act in accordance with the United Nations Global Compact, to which it has adhered since its inception. Likewise, ACS Group companies undertake to act responsibly and diligently in order to identify, prevent, mitigate and respond to the negative consequences that could arise from their activities. The Code has also includes the company's adaptation with the framework of the United Nations Ruggie Report on Business and Human Rights.

All actions taken by the ACS Group and its employees shall strictly abide by the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights, and, specifically, the United Nations Ruggie Report on Business and Human Rights.

The relationship of the Group with its employees, as well as the relationship among employees, therefore, shall be based on the following commitments:

- Equal opportunities
- Non-discrimination
- Training
- Occupational health and safety
- Eradication of child labor
- Eradication of forced labor
- Respect for minority rights
- Respect for the environment.



Code of Conduct



HUMAN RIGHTS POLICY

The ACS Group, in accordance with its Human Rights Policy, undertakes to assume its responsibility to respect human rights. This includes a due diligence process to identify, prevent, mitigate and account for how it addresses the impact of its business activity on human rights, as a process that will provide for the repair of all the negative impacts on human rights that it has caused or has contributed to the cause.

The systems established by the company for the management of its compliance systems take the regulatory aspects related to human rights into account, such as the workers' rights, financing of terrorism, hate crimes, corruption of minors, public health, etc. In fact, the company considers issues relating to the existence of a formal and documented

commitment to the Universal Declaration of Human Rights in the principles for action of the Group's Code of Conduct.

The standard establishes that organizations must, for example, identify and assess their risks, take disciplinary action, oversee the compliance system and create a culture in which the company's compliance policy and management system is integrated. For this reason, in 2018 the company continued to work on developing and adapting its internal standards and management systems.

In 2018, there were no legal complaints against the companies of the ACS Group for violating human rights. The communications received through the Ethical channels of the company are explained in the chapter 6.4.3.

6.4.2. COMBATING CORRUPTION AND BRIBERY: CRIMINAL COMPLIANCE MANAGEMENT SYSTEMS (UNE 19601) AND ANTI-BRIBERY MANAGEMENT SYSTEMS (UNE-ISO 37001)

In 2018, the ACS Group carried out an intense task of developing and adapting its internal regulatory bodies to the ISO-UNE compliance management system regulations. In the second half of 2018, this process culminated in the certification of the adequacy and effectiveness of the compliance management systems implemented both in the Group's parent company and in the main heads of the divisions, by obtaining the certificates for criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001).

Thus, in 2018 ACS was equipped with a criminal and anti-bribery Compliance Management System in order to structure an environment for the prevention, detection and early management of criminal and anti-bribery Compliance Risks. This system seeks to reduce the undesired effects of risk, in the event that they materialize, contributing to generate an ethical culture and respect for the Law among all ACS associates. The fundamental document governing this system is the Criminal and Anti-bribery Compliance Policy.



In 2018, the ACS Group did not make financial or in-kind contributions to political parties and the value of the contributions trade associations, business associations and others is shown below:

	2017	2018
Value of financial and in-kind contributions made by the organization to associations (trade associations, business associations, etc.) (€)	782,088	928,026

6.4.3. CONTROL AND MONITORING MEASURES

CODE OF CONDUCT MONITORING COMMITTEE AND COMPLIANCE COMMITTEE

The implementation of compliance management systems has resulted in the creation of a new Compliance Committee that has been assigned criminal prevention functions and will be responsible for putting the Criminal and Anti-bribery Compliance Policy into practice. ACS' Governing Body has appointed the Compliance Committee, giving it autonomous powers of initiative and control as well as the maximum possible independence to carry out its tasks, so that it is free of any business condition that could harm its performance. The independence of the Compliance Committee ensures the neutrality in the decision-making process. This independence is supported by its functional relationship and direct access to the Governing body through its Audit Committee and, therefore, distance from the management team and middle management in charge of managing the operations. In addition, the performance evaluation of the Compliance Committee is ultimately the responsibility of the Governing Body.

In the Criminal and Anti-bribery Compliance Policy, the main tasks of the Compliance Committee are grouped in a structured manner.

The Code of Conduct Monitoring Committee, according to its current Rules of Procedure, approved in its latest version on December 13, 2018, is entrusted, among others, with the function of maintaining a two-way communication with the Compliance Committee, especially in relation to the inquiries or complaints received through the Ethical Channel.

THE COMPLIANCE CHANNEL AND ETHICAL CHANNEL

To ensure maximum flexibility and enhance the effectiveness of the Compliance Committee, complaints or observations in criminal matters may be processed through the different channels available to the organization, ranging from simple reporting to the hierarchical superior to verbal or written correspondence (by mail, for example) addressed to any member of the Compliance Committee, as well as through the ACS Ethical Channel (which is managed by the Code of Conduct Monitoring Committee).

To contact the ACS Compliance Committee, the following address may be used:

Compliance Committee
ACS Group
Avda. Pío XII 102, 28036 Madrid, Spain.
+34 913439200
cumplimiento@grupoacs.com

On the other hand, to access the ACS Ethical Channel, the following address can be used for such purposes:

Ethical Channel
ACS Group
Avda. Pío XII 102, 28036 Madrid, Spain.
canaletico@grupoacs.com



Without prejudice to the existence of different channels for the communication of observations or complaints regarding Compliance Risks, any complaint regarding criminal prevention received by the Compliance Committee, which translates into the existence of indications of actions that may violate the principles of the Code of Conduct of the ACS Group, must be transferred to the Code of Conduct Monitoring Committee, so that said Committee may assess the opening of an investigation file. In the event the parent of the ACS Group receives reports related to the activity of companies comprising the Hochtief Group, or its subgroup Cimic, which has its own systems due to it being publicly traded, the Monitoring Committee will inform the reporting party of the corresponding internal reporting mechanisms so that they may, in each case, seek out the respective channel.

In 2018, only two files were opened by the ACS Ethical Channel. These are complaints filed by third parties, unrelated to the organization, which after their study have proven that they were not within the competence of the Committee (identity theft of the ACS Group on the Internet for fraudulent purposes and request for identification of a supposed employee of the Group), with its resolution being processed in less than 15 days.

The decrease in the number of communications received is due to the effort made to reinforce the ethics of the respective head companies of the ACS Group. Below is a summary by Division of the communications received:

- **Dragados Group:** has received, through its Ethical Channel, 6 digital communications, all of them from employees, 3 from the United States and 3 in Spain. The reason for the communications received was: three for alleged abuse of power, one for an inquiry on conflict of interest and two requests

for information. Two of the communications were resolved in less than 15 days and the other four in more than 30 days. In three communications, information was provided on internal procedures and in the remaining three, belonging to the same file, the complainant withdrew it.

- **Iridium:** has received, through its Ethical Channel, 5 employee communications in Spain, all in digital format. Four of them concerning doubts regarding the internal policies that were responded to in less than 30 days and one requesting authorization for the reception of an accommodation that was approved in less than 15 days.
- **Clece:** has received 46 communications through its Ethical Channel, all of them from Spain and through e-mail. Of these, 4 of them were for harassment, 19 for the quality of the service, 22 for workers' rights and 1 for violation of the Code of Conduct. The communications received were resolved in an average period of less than 15 days.
- **ACS Industrial:** has received 40 communications through its Ethical Channels, 23 of them by email, 13 by telephone and the rest by other means. Of these communications, the breakdown by country of origin is: 15 from Spain, 15 from Brazil, 4 in Mexico and the remaining 6 are distributed in Guatemala, India and U.S. Of these complaints, 11 of them were related to labor-related complaints, 11 of them with personnel selection procedures, 8 with breaches of the Code of Conduct, 1 administrative violation and the rest for a variety of reasons. Of these 40 communications in 24 of the cases it was concluded that no evidence of non-compliance has been observed, 10 of them involved the dismissal of the employees involved, in 4 of them measures were taken to avoid future situations, and two of them remain under investigation.

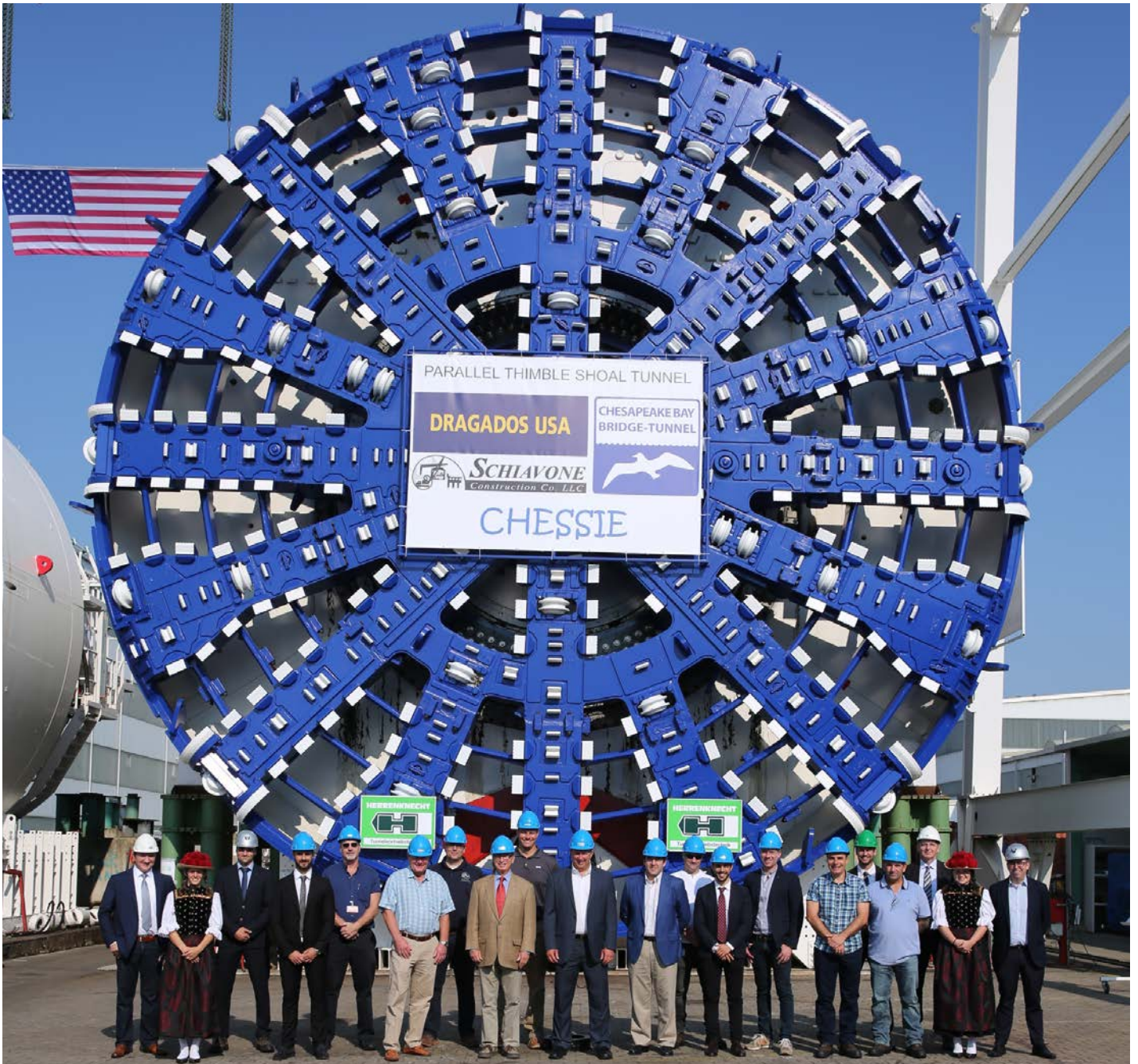


TRAINING

In order to guarantee compliance with all of its internal commitments and regulations, the ACS Group encourages all of its employees to become familiar with them through awareness campaigns and training courses that are carried out at all Group companies.

	2017	2018
Coverage of training plans regarding Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures (% of employees).	97.7%	98.1%
Number of courses with content regarding Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures.	1,405	873
Number of employees trained in courses on Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures.	34,494	53,048
Training hours per trained employee *	1.4	2.9

* In 2017 this indicator reached a coverage of 82%, which provides the basis by which the training hours were calculated per employee.



6.5. MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

[102-42]

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organization's objectives or those which may be affected by its business activities. The ACS Group's basic principles for action in relation to its stakeholders and the environment are based on complying with

the Spanish and international applicable laws, and fulfilling the corporate social responsibility commitments voluntarily complied with by the ACS Group.

The graph below identifies the main stakeholders with which the company has a relationship:

[102-40], [102-43]





[102-40], [102-42], [102-43]

Stakeholders	Relevant areas for stakeholders	Relationship mechanisms and bodies
Customers	<ul style="list-style-type: none"> Quality and innovation of products and services offered Risk management 	<ul style="list-style-type: none"> Contracting department Customer satisfaction survey Channels for submitting complaints/claims Ethics channel
Employees	<ul style="list-style-type: none"> People Healthy and safety management Transparency, ethics and integrity Giving back to society 	<ul style="list-style-type: none"> HR departments of the companies Employee satisfaction surveys Performance evaluation Ethics channel Prevention committee
Shareholders	<ul style="list-style-type: none"> Economic/financial results Risk management Transparency, ethics and integrity Corporate governance 	<ul style="list-style-type: none"> Investor relations department General Shareholders' Meeting Electronic forum and shareholder offices Section on shareholders and investors on the website
Investors, analysts and rating agencies	<ul style="list-style-type: none"> Economic/financial results Risk management Transparency, ethics and integrity Corporate governance 	<ul style="list-style-type: none"> Investor relations department Section on shareholders and investors on the website
Financial institutions	<ul style="list-style-type: none"> Financial soundness 	<ul style="list-style-type: none"> Finance managers
Partners	<ul style="list-style-type: none"> Contracting with the ACS Group Healthy and safety management Transparency, ethics and integrity 	<ul style="list-style-type: none"> At Group level, Chairman of the ACS Group At the local level, the managers of the companies and specific projects
Suppliers and contractors	<ul style="list-style-type: none"> Contracting with the ACS Group Ability to pay Healthy and safety management Transparency, ethics and integrity 	<ul style="list-style-type: none"> Purchasing departments of the companies Supplier approval and management process Ethics channel
Supranational bodies, public authorities and regulators ¹	<ul style="list-style-type: none"> Giving back to society People Healthy and safety management Transparency, ethics and integrity Environmental management Economic/financial results 	<ul style="list-style-type: none"> At Group level, Chairman of the ACS Group At the local level, the managers of the companies and specific projects
Local community, society and NGOs	<ul style="list-style-type: none"> Giving back to society Transparency, ethics and integrity People Healthy and safety management Environmental management 	<ul style="list-style-type: none"> Regular meetings of the ACS Foundation with organizations of civil society Environmental impact assessments
Sector associations	<ul style="list-style-type: none"> All aspects mentioned above 	<ul style="list-style-type: none"> Participation in associations, work groups and discussion forums²
Media	<ul style="list-style-type: none"> All aspects mentioned above 	<ul style="list-style-type: none"> Communications departments of the companies and the ACS Group

1. The ACS Group made no financial or in kind contributions to political parties in 2018. The subsidies received by the ACS Group in 2018, as shown in the Group's consolidated balance sheet, included in the economic financial report published together with this report, totaled € 3.2 million.

2. The main sector associations in which ACS participates are as follows: CNC, AESPLA, SEOPAN, PESI, IIEFP, Workplace Inspection, ENCORD, Australian Constructors Association, Safety Institute of Australia, National Safety Council of Australia, Federal Safety Commission Accreditation, Associated General Contractors, Infrastructure Health & Safety Association, among others.



[102-40], [102-42], [102-43]

It should be noted that within the framework of the definition of material aspects of this report, the ACS Group consults its stakeholders in order to identify those areas of the company's management that they considered to be most important. The results of the survey are provided in point 9.2. Identification of material aspects. Likewise, during the year the main subsidiaries of the various divisions of Construction,

Services and Concessions, as well as Industrial Services have been working to undergo independent external audit procedures in order to obtain certificates of criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001), whereby, in particular for the latter, the procedures for relations with certain interest groups are included.

COMMITMENT TO INFORMATION TRANSPARENCY

An essential requirement for the ACS Group to be able to fulfil its mission of generating return for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to ensure that its activity is as open as possible and that the interests of its customers and the company's other stakeholders are respected.

The ACS Group is committed to total rigor in the information transmitted, especially with respect to the media.

This general objective of transparency is stated by means of the following guidelines:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognize it as being sound and well-managed in Spain and abroad.
- Contributing to the make-up of a positive corporate image which helps to achieve business objectives and commercial activity.
- Maintaining a fluent relationship with external agents, particularly with representatives of the media.
- All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

The ACS Group manages its commitment to transparency to its stakeholders through three main channels:

- The ACS Group's Communications Department.
- The ACS Group website.
- Shareholder and investor information activities.

Transparency Indicators	2017	2018
Website		
Visits to the website	351,168	351,510
Page views	1,104,324	1,059,045
% of new visitors	23%	13%
Shareholders and Investors		
Meetings organized by Investor Relations	282	167
Calls/emails from attending shareholders	595	524

6.6. GIVING BACK TO SOCIETY

One of the main objectives of the Group is to create value in the environments in which it operates, acting as a driver of economic and social development that serves to generate new opportunities for infrastructure development. The commitment of permanence and joint growth combined with the open dialog with its stakeholders gives the Group companies a clear competitive advantage when it

comes to generating relationships based on trust in the operating environments.

To maximize the creation of value, ACS prioritizes the use of local resources, which favors the exchange of knowledge, the transfer of technology and the growth of an industrial network that helps economic growth and contributes to social

(201-1) Economic value generated, distributed and retained (€ M)	2017	2018
Total value of production	34,898	36,659
Finance income	203	155
Divestments*	632	3,264
(1) Economic value generated	35,733	40,078
Operating expenses and costs	25,363	26,719
Staff costs	7,688	7,910
Corporate tax	330	390
Dividends	297	316
Finance costs	486	412
Resources destined for the community	12	13
(2) Economic value distributed	34,176	35,759
Economic value withheld (1-2)	1,557	4,318

* In 2018, divestments corresponds mainly to the sale of a minority stake in Hochtief included in the operation of acquisition of Abertis that increased simultaneously gross investments made.

THE ACS GROUP'S SOCIAL ACTION POLICY	RESPONSIBLE PARTIES	FORMS OF CONTRIBUTIONS	TYPES OF CONTRIBUTIONS	
	GROUP COMPANIES	INVESTMENTS IN THE COMMUNITY	IN KIND	<ul style="list-style-type: none"> • Corporate v • Citizen awa • Environmen • Efficiency • Road safety • Support for
ACS FOUNDATION	TRADE INITIATIVES	CASH	<ul style="list-style-type: none"> • Elimination of access for d people with • Education a • Rehabilitati • Scientific an • Sponsorship and institutio • Support for • Support for • Developme 	
	PHILANTHROPIC DONATIONS			

SOCIAL ACTION

welfare. Thus, the Group contributes to social improvement from two perspectives:

1. By contributing with through its business activity to the development of society through the creation of value, local development and the fulfillment of the Sustainable Development Goals.
2. Through its social action that is articulated following the Group's business strategy, which allows it to be maintained over the long term.

In order to fulfil this commitment, the ACS Group has defined a Social Action Policy with the following main objectives:

- To drive forward the business and its sustainability
- To improve the recognition and reputation of the company.
- To increase the satisfaction of the employees and associates.
- To help improve the society in which the ACS Group operates

This policy is based around an Action Plan, which sets out the procedures for application in its various business areas. It has been drawn up in accordance with the guidelines and recommendations of the London Benchmarking Group (LBG), includes the experience accumulated over the years by the ACS Foundation and addresses social initiatives of ACS Group companies.

The policy determines the responsibilities assigned to social action, the action categories and areas that form the framework of the projects, the types of contributions that may be made, the geographical areas of action, the model for monitoring the initiatives and communication of the results obtained:



Contribution of ACS' activities in complying with the SDGs. 3.4 And contributes with its business activity, which serve to fulfill the global objectives.



The ACS Group's Social Action Policy

SCOPES OF ACTION	GEOGRAPHICAL AREAS	MONITORING	REPORTING
<ul style="list-style-type: none"> Volunteerism Awareness Mental awareness Workplace hazards NGOs and community organizations Barriers and universal access for disabled people and reduced mobility Defense of the environment Historical heritage monuments Technical research Other foundations Cultural activities Sports activities Cooperation 	<p>ALL COUNTRIES WHERE ACS OPERATES</p>	<p>INTERNAL MONITORING, MONITORING COMMITTEE, ACHIEVEMENTS AND IMPACT ASSESSMENT</p>	<p>RSC REPORT FOR THE ACS GROUP</p> <p>ACS FOUNDATION ANNUAL REPORT</p>

6.6.1. SOCIAL ACTION OF ACS GROUP COMPANIES

8.2

CASH FUNDS AND CONTRIBUTION IN KIND ALLOCATED TO SOCIAL ACTION (MN €)⁸

2,459

NUMBER OF VOLUNTEERS (EMPLOYEES)

402

NUMBER OF FOUNDATIONS OR NGOS THAT RECEIVED AID / SUPPORT DURING THE YEAR

14,214

HOURS THE EMPLOYEES HAVE SPENT AS VOLUNTEERS DURING THE WORKING DAY

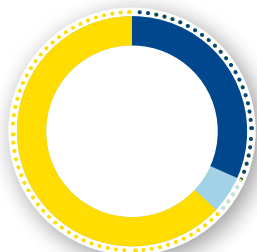
Each Group company is free to select its own social action activities as long as they are connected to the experience that it has acquired in its line of business and help meet the objectives

of this policy. Subsequently, the company's employees will have the chance to take part in such activities as corporate volunteers.

Main Indicators of Social Action by Group Companies

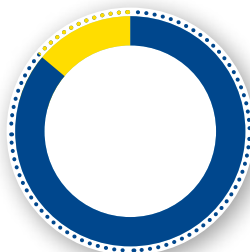
	2017	2018
Cash funds allocated to Social Action (€ M)	5.7	6.5
Monetary estimate of the contributions in kind allocated to Social Action (€ M)	0.2	0.9
Estimation of the number of people benefited by social action	96,086	144,458
Number of courses or citizen awareness activities conducted (road safety, environment, efficiency, social integration, etc...)	384	154
Number of volunteers (employees) that have participated in these awareness-raising activities	4,196	2,459
Number of foundations or NGOs that received aid / support during the year	411	402
Number of events (conferences, exhibitions, sporting events, etc...) sponsored during the year.	114	86
Time that employees have spent this year volunteering during the workday (h)	9,786	14,214

BY TYPE OF ACTION



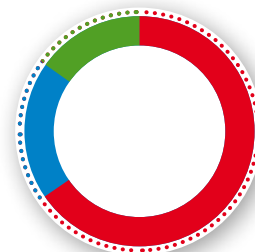
- INVESTMENT IN COMMUNITY **32%**
- COMMERCIAL INITIATIVES **5%**
- PHILANTHROPIC DONATIONS **63%**

BY TYPE OF CONTRIBUTION



- CASH FUNDS **88%**
- IN-KIND **12%**

BY BUSINESS AREAS



- CONSTRUCTION **66%**
- INDUSTRIAL SERVICES **21%**
- SERVICES **13%**

8. The administrative expenses due to the contribution of the company to the social action are being included: € 826,976.

HOCHTIEF'S BRIDGES TO PROSPERITY (B2P)

As part of the focus of the sponsorship to “create and maintain living spaces”, HOCHTIEF supports projects executed by the NGO Bridges to Prosperity (B2P). This collaborative effort involves the construction of pedestrian bridges in remote regions. The bridges provide the local population with a safe way to access educational facilities, medical treatment and markets, especially during the rainy season, when rivers often increase in flow so dramatically that crossing them represents a serious danger. HOCHTIEF and its Group companies have been working with B2P since 2010.

Regarding B2P projects, HOCHTIEF is involved in regions where it does not actively work.

By helping to improve people's connections with other areas, it becomes possible for them to participate in economic development both nationally and locally. Better access to educational institutions is especially important for enhancing the potential for economic success, which translates into better prospects for young people. According to B2P's estimates, the income of households in areas that obtain regular access to commercial areas is 30% higher on average. The projects not only benefit the local communities, but also the participating HOCHTIEF employees; as a team of ten people travels to the region to build the bridges along with the locals. This creates a special network within the HOCHTIEF team and strengthens loyalty to the company. More than 260 people in the Group have participated in B2P projects to date. Their reactions have been decidedly positive. Among those who worked on the Rwanda project in the year of the report, for example, the number of people who would recommend the bridge building experience to others was 100% once again.

In order to ensure that bridges are maintained in the long term, local helpers are hired in each region. Their assistance and the training they receive, provides them with adequate knowledge to maintain and repair the bridges in the future. In addition, the B2P project has multiple benefits, such as the fact that the subcontractors and suppliers are usually local teams, who benefit from a fair salary. And last but not least, our employees also get involved in the communities socially, for example, by visiting schools and partaking in sports activities. This makes it possible to contribute to long-term growth and knowledge transfer.

In the year of the report, HOCHTIEF built a bridge in Rwanda (in the Muganza sector) and Flatiron built another in Nicaragua (in the Matiguas district).

PUENTES PEATONALES CONSTRUIDOS POR HOCHTIEF Y B2P POR PAÍS

HOCHTIEF Americas (flatiron, Turner, E.E. Cruz)	Number of realized projects
Honduras	1
Guatemala	1
El Salvador	2
Nicaragua	14
HOCHTIEF Europe HOCHTIEF Asia-Pacific	
Rwanda	7
HOCHTIEF Group	25

ACCORDING TO B2P'S ESTIMATES, THE 25 BRIDGES BUILT BY HOCHTIEF HAVE ENABLED:

14,000

THE SAFE ACCESS TO EDUCATIONAL CENTERS FOR 14,000 CHILDREN

43,000

BETTER ACCESS TO MEDICAL CARE FOR 43,000 PEOPLE

107,400

PEOPLE FROM THE LOCAL COMMUNITY TO BENEFIT FROM THESE 25 BRIDGES BUILT

CLECE'S FOURTH COMPROMISO AWARDS



The Compromiso Awards [Commitment Awards] are a culmination of Clece's social project and in 2018 they were solely dedicated to combating gender violence. The Awards of the Fourth Event have recognized the work of social organizations and non-profit organizations that help women victims of gender violence.

The jury, comprised of individuals from the institutional world and civil society, evaluated 118 projects. Taking into account the social value and scope of the initiatives, the 3 best projects have been rewarded with an award and a cash prize of € 10,000 each.

The best journalistic work was also awarded, under the theme of violence against women with an award and a cash prize of € 7,000.

The best initiative to raise awareness of gender violence, was also rewarded with an award.

The winners of the fourth edition were:

Best Projects:

- Santa María La Real Foundation for its project "Empleo Mujer de Castilla y León"
- AXEL for its project "Blester, capsules of knowledge"
- Don Bosco Foundation for its project "Itinerarios integrados de inserción sociolaboral"

Best Journalistic Work:

- Marisa Kohan of the newspaper "Público".
- Best initiative to raise awareness of "Tolerancia cero. Contra el maltrato, la fuerza de todos" of **Antena 3 News** and **Mutua Madrileña Foundation**.
- The jury awarded special mentions to **María José Garrido Antón**, Captain of the Civil Guard, for her work and the preparation of the Guide for Psychological First Aid in Gender Violence ("Guía de Primeros Auxilios Psicológicos en Violencia de Género") and the **Candelitas Association** and **ARED Foundation** for their work in including women victims of gender violence within Clece.



EDUCATE TO TRANSFORM, IHSA

Iberoamericana de Hidrocarburos SA (IHSA), is a consortium formed by Cobra with Monclova Pirineos Gas, tenderer of the development of the Nejo block in the Mexican state of Tamaulipas. During its work in the area, it has implemented the social action program "Committed to San Fernando" ("Comprometidos con San Fernando") to promote local development.

This program has focused on the students from the surrounding area and their families, with actions in the field of education, health and values. This program culminates in the initiative referred to as the Educate to transform project, launched in 2012, focused on selecting the most outstanding students of the municipality and those with limited resources, providing support for their professional studies and offering job opportunities in the company. To do this, IHSA periodically offers a communication and

application submission stage, followed by a selection process and a follow up phase.

The selected students study in the field and the university of their choice and the support of IHSA consists of the payment of all the costs of the studies, from the beginning of their career until the finalization of both the degree and certification, in addition to a monthly amount for the respective maintenance throughout the student's career.

Generation	Scholarship Period	Students
1st	2012-2017	8 graduates
2nd	2013-2018	10 graduates
3rd	2014-2019	2 graduates, 9 active
4th	2017-2021	10 active
5th	2018-2022	12 active



6.6.2. SOCIAL ACTION OF THE ACS FOUNDATION

The objective of the Foundation is to integrate and manage the ACS Group's efforts in matters involving patronage and cultural, institutional, sporting or environmental sponsorships, awards and scholarships, training and research, charity and similar activities, at the national and international levels, while providing greater social involvement.

The Social Action of the Foundation allows the ACS Group to give back a portion of its profits to society, in order to collaborate in improving the quality of life of the citizens.

To this end, various programs focused on this objective are carried out:

- Improvement in the quality of life of people with physical or sensory disabilities, or in a situation of dependence, through three sub-programs:
 - Universal Accessibility.
 - Training, workforce inclusion and social integration.
 - Inclusion in sports.
- Defense of and support for best practices in relation to the environment.
- Collaborations with institutions in the field of innovation, engineering, science, economics and law.

CAPITULARY ROOM OF THE PRIMATE CATHEDRAL OF TOLEDO

Among the monuments that make up the historic center of the city of Toledo, which was declared a World Heritage Site by UNESCO in 1986, the Cathedral of Santa Maria de Toledo Cathedral of Spain stands out and is one of the best examples of a Gothic church in our country.

Construction of the Primate Cathedral began in 1227, with a French Gothic influence on the foundations of the ancient Visigothic Cathedral of Toledo, built in the sixth century and later reused as a mosque.

The construction of the Capitulary Room of the Primate Cathedral was the result of the desire of Cardinal Francisco Jiménez de Cisneros to have a space for the meetings of the Cabildo, which until then were held in a space located at the base of the tower.

The spectacular mural paintings of the Capitulary Room were executed by Juan de Borgoña and his assistants between 1509 and 1511. In them, the north and south walls depict the life of the Virgin, with the Passion of Christ on the east wall and the Last Judgment on the west wall, while the

lower frieze is occupied with 72 figures of the bishopric of Toledo, which were painted by Juan de Borgoña.

From the first known interventions applied to the paintings, work of the painter Blas de Prado in the sixteenth century, numerous interventions have been documented, the most recent being in 1974. This succession of repaints concealed the authentic painting of Juan de Borgoña, which needed to be removed from it.

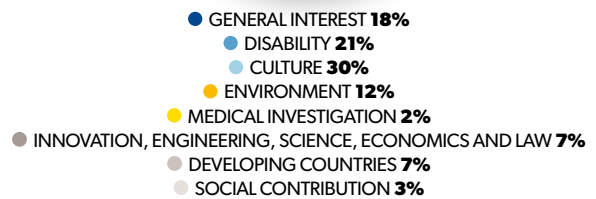
The intervention followed criteria based on prior knowledge of the surfaces to be treated and respect for the materials and techniques used by the artist. To do this, work was performed to identify the subsequent additions, by objectively assessing the feasibility and suitability of their removal, and the progressive development of treatments to maintain greater control over the evolution of the works. The final objective was to at all times guarantee the stability of the paintings and the preservation of all the historical and documentary information that they behold, without losing their artistic and aesthetic characteristics.



- Contribution to the dissemination, restoration and maintenance of buildings belonging to Spain's artistic heritage.
- Cultural support by making Contributions to the promotion, rehabilitation and maintenance of the buildings of the Spanish Artistic Heritage, as well as support for the entities that improve the cultural level of the people.
- Support for research, mainly medical research, including rare diseases.
- Cooperation for development and technical assistance, for the purpose of supporting the development objectives and respecting human rights, through collaboration with competent bodies.
- Social collaboration with stakeholders.

A budget of €5.2 million has been approved for 2019. In 2018, the ACS Foundation spent €4.49 million.

FOUNDATION BUDGET BREAKDOWN BY CATEGORY (IN M€)



6.7. SUPPLIERS AND CONTRACTORS

96.9%

ADHERENCE WITH THE ACS GROUP'S CODE OF CONDUCT

98.4%

ANALYSIS OF THE LABOR STANDARDS AND PRACTICES OF SUPPLIERS AND SUBCONTRACTORS

99.5%

EVALUATION OF CERTIFICATION IN ENVIRONMENTAL ASPECTS

99.5%

EVALUATION OF CERTIFICATION IN QUALITY ASPECTS

Supplier and contractor management is an important aspect for the Group, since the work performed thereby has a direct influence on the quality of the final result of the projects carried out by the Group.



In ACS Group companies, the purchasing departments are responsible for managing the relationship with suppliers and contractors by means of specific systems for managing, classifying, approving and controlling the risk thereof.

As a characteristic that differentiates the Group from its competitors, it is important to highlight the distinct manner in which purchasing and supplier management departments is decentralized, in this regard. This provides Group companies with a competitive advantage as a result of the agility flexibility and autonomy granted by this model.

ACS has a variety of systems in this aspect, which vary according to companies' operating needs. A central corporate reference department defines the policies and prices, with a greater level of autonomy, while always using a common and generalized policy. In this regard, it should be noted that in 2018, the Board of Directors of the ACS Group approved the Code of Conduct for Business Partners of ACS, which establishes the principles of action based on the Group's Code of Conduct that Business Partners must comply with and accept expressly in their relationship with ACS.

The Group companies handle three different types of suppliers or subcontractors:

- Suppliers of materials and/or services defined by the customer.
- Suppliers of services or subcontractors contracted by the ACS Group.
- Materials suppliers contracted by the ACS Group.

In the first instance, the customer determines the type of suppliers through contracts, as well as the quantity and characteristics of the materials to be used, and the Group companies, in general, obey these requirements. Even so, the ACS Group's purchasing and supplier departments have established a control procedure to verify the efficiency of the supplier designated by the customer, which enables any delays to be reported and corrective measures to be implemented for other work.

If suppliers of services and materials are directly contracted by the ACS Group, whether through a central purchasing department or in a decentralized manner by construction managers, detailed management and control processes are defined, which have the following points in common in all Group companies:

- There are specific standards and a system for managing, classifying, proofing and controlling the risk of suppliers and subcontractors.
- The level of compliance with these systems is analyzed.
- Collaboration with suppliers and transparency in contractual relationships are promoted.
- There is an extensive comparison policy that promotes the participation of various suppliers in selection processes. In order to objectively take decisions and facilitate access for new suppliers in different parts of the world, a study on customary suppliers has been launched.
- Visible purchasing portals for all services are being developed, offering a wide range of products from different suppliers. This is a real aid to cost saving



(because the most competitive prices are identified) and to controlling material consumption by employees or construction managers. In Spain this portal helps local suppliers to sell their products domestically, promoting their development and growth.

SUPPLIER APPROVAL SYSTEMS

Companies representing 96.76% of the ACS Group's procurement expenses have a formal system for approving suppliers and subcontractors, in line with a series of clearly established criteria, which is subsequently used by the construction managers of

the projects and provides them with information on the suitability or otherwise of a supplier to fulfill the intended task. The main concepts used for approving suppliers are as follows:

- Cost, payment and collection period, experience, professional prestige and technical capability.
- History of fulfilment of contractual clauses in their prior relationship with ACS.
- Additional non-financial criteria, related to compliance with the Code of Conduct for Business Partners, shown in the table below.

Degree of implementation of the non-financial criteria in the approval of suppliers (% of ACS Group purchases)	2017	2018
Adherence with the ACS Group's Code of Conduct	97.0%	96.9%
Adherence with international standards in relation to human rights and labor rights	90.3%	92.7%
Certification in quality aspects (ISO9001)	98.2%	99.5%
Certification in environmental aspects (ISO14001, EMAS or equivalent)	98.3%	99.5%
Analysis of the labor standards and practices of suppliers and subcontractors	96.2%	98.4%



The ACS Group’s supplier approval system includes a phase for subsequently analyzing the suppliers that were contracted, a process that provides feedback for the system. This process, which seeks to guarantee compliance with contractual clauses and agreements and includes the identification of economic, environmental and social risks, is based fundamentally on the detection of non-compliance and on corrective or management measures to be applied.

In the case of detection and control initiatives, they are based on internal and independent audits performed on a regular basis.

Once any non-compliance or risks are detected, the relevant corrective measures are applied, which are adapted taking into account the following circumstances:

- If it is a critical supplier for the company, the reasons for the negative assessment are analyzed and initiatives proposed to strengthen the identified areas for improvement including, among others, training and collaboration activities.
- If the company is not critical for the company, it is classified as not approved in the database.
- In the case of serious breaches, the contracts or agreements regarding supplier relations may be immediately terminated.

ANALYSIS OF CRITICAL SUPPLIERS

The ACS Group’s companies carry out an analysis to identify critical suppliers in their supply chains. The Group considers a supplier to be critical when the percentage of procurement or subcontracting expenses are significantly greater than the average for the company’s other suppliers.

Therefore, companies that represent 94.9% of the Group’s procurement expenses have determined processes to identify critical suppliers. As a result of these processes, the main data from the analysis of critical suppliers is as follows:

- Companies representing 83.1% of suppliers have performed this analysis.
- Of these, 5.9% are considered critical suppliers.
- These suppliers represent 23.5% of the total costs for Group companies with critical suppliers.
- Almost all these suppliers consider ACS to be a key customer to their business activity.

Likewise, given the importance of the supply chain analysis for risk management, ACS Group companies have begun to identify critical suppliers of their direct suppliers. The ACS Group evaluated 2,307 suppliers considered to be tier-1 in terms of sustainability in 2018.

AVERAGE PAYMENT PERIOD TO SUPPLIERS

The following table details the information required by the second additional Provision to Law 31/2014, of December 3, which was prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of January 29, 2016 concerning the information to be included in the management report with regard to the average payment period to suppliers in commercial transactions:

	2017	2018
	Days	
Average period of payment to suppliers	65	66
Ratio of transactions paid	66	65
Ratio of transactions pending payment	64	67
	Thousands of Euros	
Total payments made	2,403,985	3,248,352
Total payments pending	1,494,087	1,423,922

6.8. COMMITMENT TO QUALITY WITH THE CUSTOMER⁹

6.8.1. QUALITY IN OUR ACTIVITIES

For the ACS Group, which works in an industry with high technical sophistication, quality represents a fundamental competitive advantage over the competition.

Quality management at the ACS Group is decentralized, whereby each company is responsible for managing quality. Although each company has the autonomy to manage quality according to their interests, a series of common lines of action have been identified:

- Establishment of objectives and regular assessment of compliance therewith.
- Development of actions aimed at improving the quality of the services provided.
- Performance of actions in collaboration with suppliers and subcontractors to improve quality.

In order to move forward in this regard, most Group companies have a quality management system. These systems are audited on a regular basis to verify compliance with the benchmark standard, customarily ISO 9001.

The improvement targets customarily set are as follows:

- Obtain and expand the scope of the certifications, especially with regard to developing a new technique or expanding activities to a new geographical area.
- Implement tools to improve management.
- Improve specific performance indicators.
- Improve the training of supervisors, operators and works managers.
- Increase customer satisfaction indices, reducing complaints due to problems in execution and incidents.
- Comply with delivery periods, adjusting to quality expectations.
- Investment in measures to promote and improve quality.

Production certified in accordance with ISO 9001	2017*	2018
Construction	47.8%	47.3%
Industrial Services	94.8%	92.1%
Services	96.0%	93.3%
ACS Group's Total	58.5%	57.1%

Other management indicators	2017	2018
Number of Quality Control audits	1,254	1,407
Number of Quality Control Audits per million of Euros	0.037	0.040
Investment in measures to promote and improve Quality*	3.2	3.3
Intensity of investment in measures to promote and improve Quality (investment in Euros / Millions of Euros in Sales Revenue)	96.13	95.12

*The figure for 2017 has been re-stated as the scope has expanded. As a result, in 2017 and 2018 these indicators achieved a coverage of greater than 95% of the Group's sales, with these ratios therefore being calculated based on this revenue.

9. The ACS Group, given its business activity as a supplier of infrastructure and the services thereof, works with clients, as opposed to the final consumers.

6.8.2. CUSTOMER RELATIONS

Given the nature of the ACS Group's business, where large infrastructure projects are carried out or general agreements are entered into for the provision of services (such as the cleaning of a city or maintenance of an electricity grid), the number of customers with which the company relates is very limited or they are large corporations or public institutions from around the world.

The ACS Group's commitment focuses on maintaining a high degree of customer loyalty and offering services with high added value over time. The strategy of customer relations is built on the following main principles:

- Focus on problem solving.
- Customer relationship feedback.
- Information on the ACS Group's capabilities.
- Identification of future needs and opportunities for collaboration.

FOLLOW-UP AND COMMUNICATION

The ACS Group companies hold regular follow-up meetings with customers, through the managers of each project. In those particular projects where customers devote resources to controlling production, an even more ongoing relationship is maintained.

In addition, targets, follow-up systems and plans for reporting to the customer for each project are determined. These plans establish control points at the end of important phases in the production, certification meetings for payment in instalments of the construction work and partial follow-up points.

Similarly, computerized customer relationship management (CRM) systems are gradually being implemented to collect information relating to customers, in order to facilitate analysis and carrying out actions to improve satisfaction. In 2018 ACS Group companies representing 78.62% of sales have implemented a computerized CRM (Customer Relationship Management) system.



CUSTOMER SATISFACTION

ACS's second key customer relationship management policy is measuring customer satisfaction and establishing plans for making improvements. Many Group companies have established individual channels and processes to enable customers to file their complaints and claims.

For those projects that pose a greater technological challenge, the ACS Group also establishes alliances with partners (normally detailed engineering companies), which contribute to offering end customers the best technical and economic solution.

Another of the Group's values is confidentiality. ACS Group companies' contracting and customer relationship departments promote responsible use of information, therefore guaranteeing customer confidentiality.

As a result of this good relationship, proximity, transparency and customer satisfaction regarding quality expectations on the services provided, the level or recurrence of ACS Group customers is very high.

Main Management Indicators - Customers	2017	2018
Number of customer satisfaction surveys received	1,154	1,269
Responses from "satisfied" or "very satisfied" customers as a percentage of the total surveys RECEIVED (%)	87.6%	92.6%

*In 2017 and 2018 these indicators reached a coverage of 31% and 69% of sales, respectively.



6.9. TAX INFORMATION

.....

In 2015, the ACS Board of Directors approved the corporate fiscal policy, in accordance with which it aims to establish a collaborative relationship with the tax authorities based on mutual trust and transparency. Furthermore, the Group undertakes, to abstain from creating artificial corporate structures unrelated to the Company's business activity for the sole purpose of reducing its tax payments or that which creates a lack of transparency, nor to perform transactions between related companies that aim to reduce the respective tax base and artificially transfer profit to territories with low tax rates.

All Group companies comply in every country with the applicable tax regulations in relation to transparency and tax information.

In particular, in Spain in 2010, ACS signed the Code of Best Tax Practices promoted by the Spanish Tax Authority (Agencia Estatal de la Administración

Tributaria) and, in application thereof, voluntarily provides the Annual Fiscal Transparency Report to the said authority, with special emphasis on the Group's international composition, including information related to tax havens.

Therefore, the ACS Group's current policy is not to promote the creation of new companies in tax havens or low or no-tax territories (unless necessary for the execution of works or physical facilities in the said territories), as well as to commit to the gradual liquidation of the existing companies. In this regard, several entities that are residents of tax havens are in the process of liquidation.

In accordance with the provisions of the tax regulations in the majority of countries, profit is taxed in the country in which it is obtained, i.e. given the nature of the construction business, in the place where the construction work or facility is executed.



Following this criterion, the following table shows, by country, the income before taxes, the income taxes paid and the subsidies received in 2018:

Country	Earnings before taxes	Income taxes paid	Subsidies received
THOUSANDS OF EUROS			
Australia	336,125	3,067 ⁽¹⁾	0
Spain	284,979	117,064	1,215
Indonesia	194,526	12,937 ⁽¹⁾	0
Brazil	99,816	46,330	0
India	93,248	531 ⁽¹⁾	0
Singapore	72,940	8,494	0
United States	70,493	52,092	21
Mexico	61,339	6,579	0
Hong Kong	52,901	9,878	14
Luxembourg	34,130	3,652	0
Mongolia	33,267	7,203	0
United Arab Emirates	28,630	0	0
Saudi Arabia	26,810	992	0
Japan	18,887	1,546	0
Malaysia	16,749	925	0
Argentina	11,723	2,076	0
Portugal	10,685	-289	0
New Zealand	10,256	334	0
Algeria	9,424	2,782	0
Ireland	6,583	86	0
Others with profit less than €5 million or losses	-144,170 ⁽²⁾	22,180	6
Non-attributable consolidation adjustments	-64,856 ⁽³⁾	3,368	0
Total	1,264,488 ⁽⁴⁾	301,826 ⁽⁵⁾	1,242

(1) The reduced tax paid in these countries is due to the effect of the return of taxes paid in excess in previous years, as well as the application of carry forward losses, also from previous years.

(2) This includes profits obtained in countries considered to be tax havens under Spanish law, or "non-cooperative countries and territories for tax purposes" according to the European Union regulation, for a total of €1,329 thousand for which a payment has been made for taxes in the amount of €341 thousand.

(3) Accounting consolidation entries not subject to attribution to specific countries are included (essentially amortization of PPA - Purchase Price Allocation- from acquisitions), without having an impact on the payment of taxes in any of them.

(4) It corresponds to the profit before taxes according to the Consolidated Income Statement, without including the financial results through the equity method (which are presented, in accordance with the accounting standards, and net of taxes, without any additional information being available, as they are not companies controlled by the group); without excluding the attribution to non-controlling interests.

(5) Significant deviations from the nominal tax rates of each country are due to the fact that the tax regulations themselves generate differences between the taxes in terms of payment and the tax on the accrual basis, representing differences that are offset in the long term.

On the other hand, to assess the overall tax contribution made to the Public Administrations, not only the taxation on profits should be considered, but also the other taxes or social charges incurred in the respective jurisdictions, with it being pertinent to emphasize, given the Group's type of business activity, those relating to its own staff, in which case it is appropriate to consider both social charges that are legally assumed by the company, which have amounted to € 1,013 million, as well as the charges and taxes, withheld from wage payments which are owed by the respective employee, also being transferred to the Public Administrations, which have exceeded € 1,400

million. The sum of both types results in a transfer of funds equivalent to 5.5 times that which is transferred as distribution of profits to the shareholders of ACS.

Finally, in order to assess the overall tax contribution made by the group, it would be necessary to additionally consider other taxes incurred, that are linked to the business activity, which are very diverse nature, which being significant, by way of example, are excise taxes for the use of fuels, or the taxes on works, present in the majority of countries, representing costs not quantified because they are internally included in other items.

6.10. INNOVATION

.....

The ACS Group is a continuously evolving organization that responds to the growing demand for improvements in processes, technological advances and quality of service from its customers and from the company.

The company's commitment to innovation is clear from its increased investment and the R&D efforts made by the ACS Group year after year. The result of this effort leads to, among others, improvements in productivity, quality, customer satisfaction, occupational safety, the use of new materials and products, and the design of more efficient production processes and systems.

Management of innovation at Group companies normally has the following characteristics:

- The function is assumed by technology management, usually the Technological Development Committee.
- R&D is managed through recognized management systems. Usually, standard UNE 166002:2006.
- Compliance with reference standards is reviewed through independent audits.

Compliance with the requirements of the systems usually involves the development of individual strategic lines of research, collaboration with external organizations and an investment that seeks to promote research and regular generation of new patents and operating techniques.

The ACS Group's capabilities were strengthened and complemented through the alliances with technological centers, research institutes and universities, as well as other institutions related to R&D in order to successfully complete the innovation processes.

THE ACS GROUP INVESTED € 30 MILLION IN TOTAL, IN RESEARCH, DEVELOPMENT AND INNOVATION IN 2018.¹⁰

IN 2018, THE ACS GROUP HAD 107 PROJECTS UNDERWAY¹⁰ AND REGISTERED 5 PATENTS. OVER THE LAST 10 YEARS, GROUP COMPANIES HAVE REGISTERED A TOTAL OF 57 PATENTS.

¹⁰. Scope of the data: 30.63% of total sales.



6.10.1. CONSTRUCTION

The management of research, development and innovation in construction activities is coordinated by the Dragados departments and by Hochtief companies.

In accordance with the targets established by the head companies, at the end of 2018 the ACS

Group's construction companies had a total of 46 projects in progress. A total of €13.9 million was invested in 2018 in order to conduct its RD&I activities.

FASSTBRIDGE PROJECT (DRAGADOS)

The FASSTBRIDGE R&D project: Fast and Effective Solution for Steel Bridges Life-Time Extension, has received funding from the ERA-NET Plus Infravation Programme. The Infravation program has been co-financed by several European countries and the United States, as well as the 7th Framework Programme for Research and Technological Development of the European Commission. The project was developed between 2015 and 2018 by a consortium formed by 8 organizations from Spain, France, Germany, Italy and the United States, in which DRAGADOS has been the main industrial partner.

In many countries steel bridges are vital components in transport infrastructures, which frequently cause negative impacts in densely populated areas due to service disruptions, accessibility problems, delays, etc. In addition, the problems derived from its inadequate functionality also cause significant impacts on the economic activity of the affected area.

In Europe, 15% of the 300,000 existing bridges are made of steel or have structures made of concrete and steel. From this number, it is considered that approximately 68% are in need of structural interventions. In the United States, 34% of the 599,000 existing bridges are made of steel. From this number, approximately 9% is classified as structurally deficient, 15% functionally obsolete and 9.5% structurally deficient and functionally obsolete. Many of these bridges were built with outdated standards and a service life designed for 50 years that is coming to an end or has already been surpassed. In Europe, in the current scenario, it is estimated that the necessary repairs will represent 40% of the total costs of construction contracts, while in the United States, the Federal Highway Administration has declared that each year 10,000 bridges must be renovated.

The objective of the FASSTBRIDGE project has been to develop a preventive, reliable and easy to apply method to anticipate fatigue problems in existing steel bridges and use this information to calculate the life expectancy of these existing bridges using the AASHTO code or the Eurocode.

The methodology includes a method for evaluating the service life considering the fatigue of existing structures and the design and application of a reinforcement system. A new reinforcement methodology based on plates made of CFRP (Carbon Fiber Reinforced Polymer) placed by using an adhesive has been developed. The system combines a specifically formulated adhesive within the project and a commercially available CFRP plate. The materials and the system have been validated experimentally in the laboratory. Finally, a pilot application has been carried out on the Bridge over the Jarama River in Madrid, in order to validate the methodology and the system.

In the real-scale application, six welds were reinforced with three different reinforcement configurations, consisting of the application of 1, 2 and 3 layers of CFRP. All selected welds were monitored with a strain gauge to demonstrate the effectiveness of the FASSTbridge methodology before and after reinforcement. A load test was performed before and after the application of the CFRP, which included static and dynamic tests: quasi-static (20 km / h) and at low speed (50 km / h). For all measurements, a decrease in strain between 8% and 30% was measured, in accordance with the theoretical expectations. This has allowed to prove the efficiency of the solution, which implies an improvement in the useful life of the structure.

PROJECT MENHIR (DRAGADOS)

The MENHIR R&D project: Offshore floating wind turbine made of concrete in deep waters, approved in the RETOS-COLABORACIÓN 2015 notice, has been co-financed by the Spanish Ministry of Economy and Competitiveness within the State Program for Technological Research, Development and Innovation, having been executed during 2015-2018 and coordinated by DRAGADOS.

The general objective of the project has been the development, at the level of the design specifications, of a semi-submersible platform for offshore wind at great depths, built in concrete and steel, which will allow for the development of the offshore wind industry in deep waters using Spanish technology and with competitive costs for offshore wind compared to conventional methods.

The project has focused on the development of a floating structure and its anchoring system, for use in deep water, specifically designed to serve as a platform for the integration of new wind turbines. The structure is stable and resistant to the impact of waves, wind and currents, guaranteeing its durability in the hostile and extreme conditions of the high seas, which are typical for the Spanish or European coasts.

The structure was designed to be capable of offering adequate and sufficient operational conditions to accommodate a high-power turbine (10MW), satisfying the standard requirements required by the respective turbine manufacturers in order to be able to offer a sufficiently attractive production framework. The structural elements that contribute to ensuring

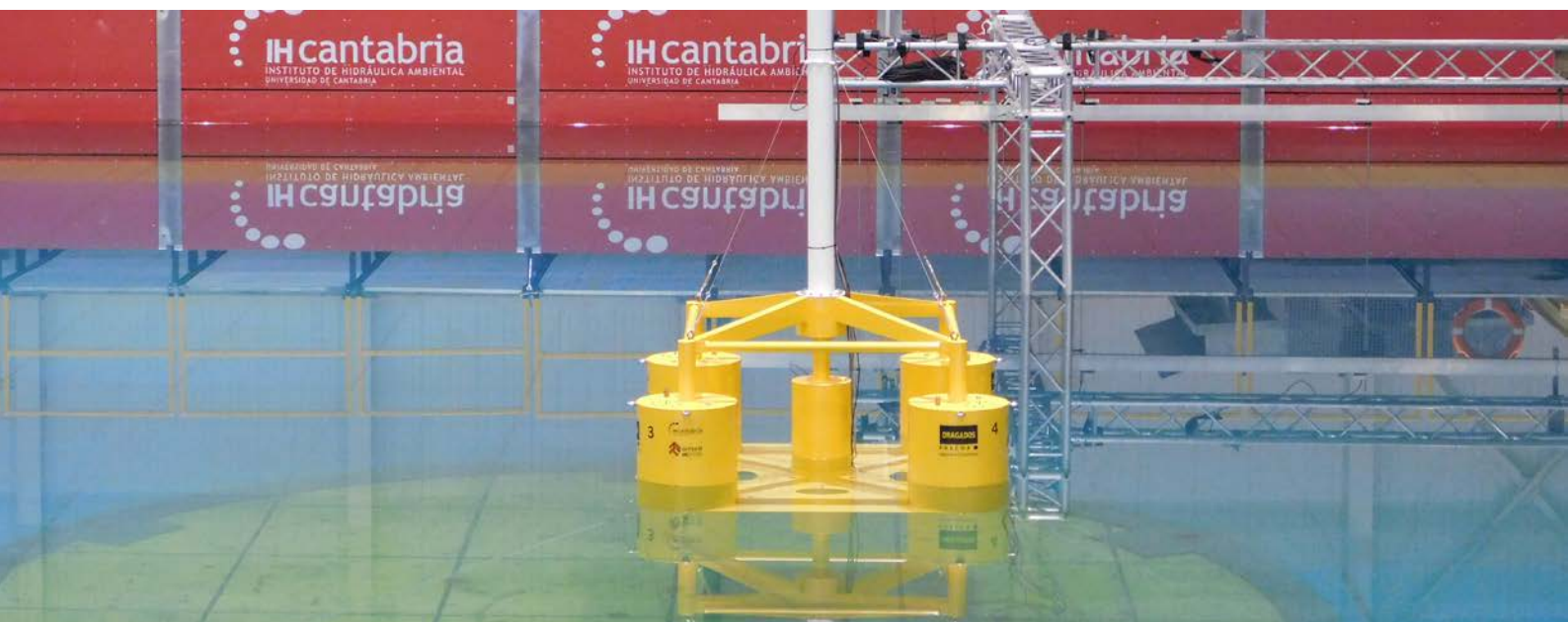
the structural integrity of the solution: hull, transition piece, tower, anchoring lines and other elements, were also designed.

The constructive process, towing and positioning have been studied, including land and marine means, as well as the estimation of construction times, operability and sizing of the supply chain.

The technical-economic feasibility study of the equipment and its construction method, has paid special attention to its production, manufacturing costs, installation costs as well as the costs related to operation and maintenance.

For the validation of the solution and the numerical models developed, a prototype at 1/35 scale on which a battery of 101 tank tests has been carried out, consisting of two phases. During the initial phase, dry characterization tests were carried out, and characterization in water (damping, tilt, static offset), including that of the heave plates. Subsequently, during the main testing phase, 85 simulation tests of environmental conditions of waves (regular and irregular), current and wind were conducted. Likewise, the execution of the tests has included the simulation of loads in two directions, both at 0 degrees and at 45 degrees.

The test has validated the design of the executed platform. Essentially, laboratory tests involve the reproduction, at laboratory scale, of operational and extreme waves (up to 12 meters of significant height), which demonstrate that the design achieved, meets the technical requirements of the project.



EXPANSION OF BIM CAPABILITIES AT HOCHTIEF

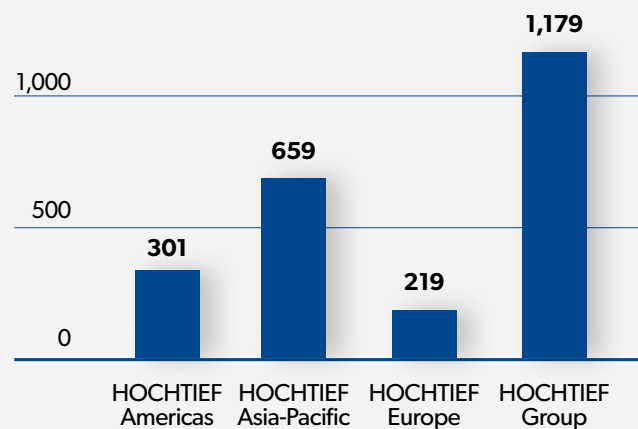
Building information modeling (BIM) is the digital tool of the future for the execution of projects. The design and construction of projects using BIM is what customers in many countries are currently demanding. The methodology is based on actively connecting all the people participating in a project using 3D computer models that can be detailed with additional information, such as deadlines, costs and utilization.

Based on this model, project participants can also calculate the carbon footprint and possible savings. HOCHTIEF recognized this potential from the outset and founded the company HOCHTIEF ViCon GmbH, which specializes in these methods. The objective is for HOCHTIEF ViCon to be the BIM expert in all HOCHTIEF, offering courses in this area both for its own employees and as a provider of courses for other companies, as well as a consultant and advisor specialized in BIM for projects undertaken by the public administration or private companies. Additionally, BIM is already used in many of HOCHTIEF's companies. In 2017, the activities of EIC were fundamental to ensure the Kitemark certification of CIMIC from the British Standards Institution (BSI) in recognition of its experience and implementation of BIM. EIC's business activities play a fundamental role in ensuring the consistent implementation of digital engineering in CIMIC. Leighton Asia, for example, used BIM in the Passenger Clearance Building project in Hong Kong to construct the Roof of 40,000 square meters at a height of 30 meters. Currently, CIMIC is the only company in Australia that has been awarded the BSI Kitemark for Design and Construction (BSI PAS 1192-2, BS 1192 and BS 1192-4).

Turner in the United States, also uses BIM for almost all its projects being a pioneer of its use in that country. The increasingly widespread use of BIM not only promotes good planning and management of the construction process, but also simplifies maintenance and operations when combined with other digital applications such as 3D printing information, which provides an optimization for the project teams, being able to reliably improve safety, reduce execution risks and improve the overall quality of the project, among other benefits.

Thus, in 2018 the number of completed projects accumulated using BIM increased to 2,300 projects (compared to 2,052 in 2017) and the number of employees trained on the subject stands at 1,179 (819 in 2017), all of which is in response to meeting the needs of the customers, while offering sustainable products and services and, therefore, improve its position in the market.

NUMBER OF EMPLOYEES PROVIDED WITH BIM OR SIMILAR TRAINING IN 2018



6.10.2. INDUSTRIAL SERVICES

The ACS Group's Industrial Services area carries out significant work in promoting research, development and innovation through the various R&D departments in several of the companies in this line of business.

The R&D strategy is based on an external approach, aimed at its stakeholders and an internal

approach, aimed at process modernization and improvement.

At the end of 2018 the industrial services companies of the ACS Group had a total of 57 projects underway. A total investment of €15.5 million was allocated to executing the projects.

IMPORTAES PROJECT (SICE)

The IMPORTAES project, co-financed through FEDER Funds and the Ministry of Science, Innovation and Universities, within the Challenges-Collaboration Program (Programa Retos-Colaboración), focuses on the development of a technological solution for buses that allows for the complete tracking of the journeys of travelers, supported by wireless -RFID- technology, while guaranteeing the complete privacy of the users.

The main technological objectives included in the project are:

- 1) Development of an on-board device that allows for the anonymous tracking of passengers, through the detection of passive RFID tags.
- 2) Algorithm development focused on the calculation of detailed Origin-Destination matrices, based on the data of the entry and exits of travelers along the different stops of the line.
- 3) The information extracted by the service information system may be used to establish SAE services according to the demand that improves the efficiency in the operation of the bus fleet and the quality of the service offered.

The on-board device developed consists of:

- A. Passive label carried by the traveler, which emits the "impersonal" identifier that is registered when it is "interrogated" by the RFID reader. It is characterized by its low cost.
- B. Set of antennas that cover access / exit doors to / from the bus.

C. RFID reader that collects the signals captured by the antennas and records the identifiers of each of them.

D. HW communications platform where all the information collected is stored and sent to a central server, for further processing.

Once the system is configured, different tests are carried out to measure the performance of the system. Whereby, it can be concluded that the system is capable of detecting, with high reliability, the entry and exit of bus users, despite no temporary and continuous detection of tags being present. This observation validates the technology developed as a source of information to build Origin-Destination matrices in quasi-real time.

Likewise, the system would make it possible to provide real time data on the occupation of buses in service and the number of travelers at a stop, with high a degree of reliability.

In terms of commercial viability, the low cost of the system (both RFID passive tags and the onboard platform) together with the high value of the information offered by the system, make it a potential product for public transport service managers. Likewise, the passenger detection rate is clearly higher than that offered by other types of technologies because of its approach that includes the integration of the RFID tag in the transport ticket itself.

HIDROCALERAS PROJECT

The purpose of the project is the construction of a reversible hydroelectric plant for accumulation by pumping of seawater located between the mining area of Dícido and the La Tejilla inlet, for approximately 50 MW of nominal power.

The project includes the reversible plant, the reservoir or upper storage tank, the water intake works, the penstocks, accesses, substation and connecting power lines as well as the rest of the associated facilities.

The area where the project will be developed is located in the municipality of Castro Urdiales, between the towns of Mioño and Onton. The works will be situated between the coastline, bordered by the beach of Mioño, to the west, and the Derivados del Fluor factory, to the east, and the Alto de Camposquera mountain. The intermediate level of the project crosses the route of the A-8 highway.

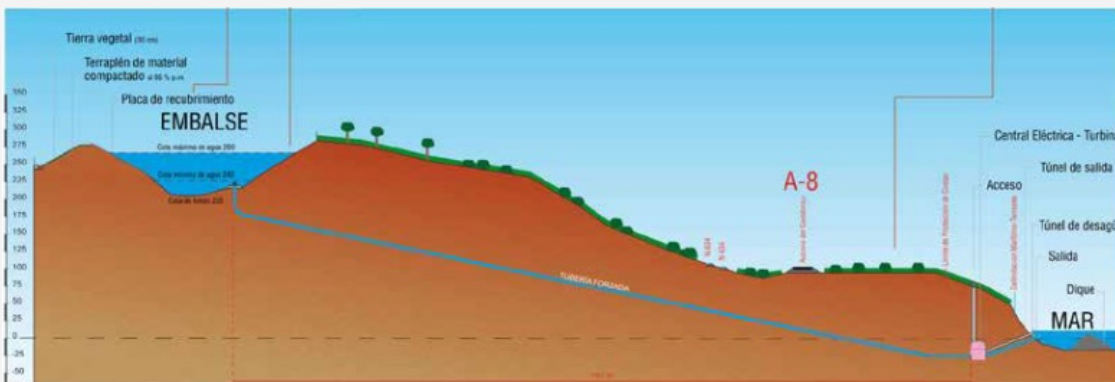
Rehabilitation and recovery of elements belonging to the industrial mining archaeological heritage existing in the Campozquera area are also included, as part of the environmental improvements.

It is an environmentally sustainable project, without negative environmental impacts. Most of its facilities are underground, which will not even have a visual impact on the landscape. When using the Cantabrian Sea as a lower reservoir, it has an inexhaustible source of supply, since as a result of the "reversibility" the seawater returns to its bed again. It is a hydroelectric power station

that does not produce CO₂, therefore the carbon footprint is much lower, being that it does not emit greenhouse gases. In addition, the Hidrocaleras projects clearly demonstrates very positive environmental impacts.

A highly degraded area is recovered, the waste dump of the former mining exploitation by creating a wet zone in the basin of the former mine, with the planting of native trees and plants and the consequent revival of Cantabrian fauna.

Currently, a consortium has been formed between private companies and public research centers to develop the project and seek subsidies at the regional, national and European level. The consortium is made up of: COBRA INFRAESTRUCTURAS HIDRÁULICAS (Spain), INSTITUTO DE HIDRÁULICA AMBIENTAL (Spain), UNIVERSIDAD DE CANTABRIA (Spain), LADICIM (Spain), CSM (Italy), CENTRO TECNOLÓGICO CTC (Spain), POYRY (Finland), INDAR, HIGHVIEW POWER (United Kingdom), BANCO SANTANDER (Spain), HIDROCALERAS S.L.

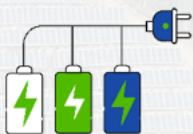




CROSSBOW PROJECT (ETRA/COBRA)

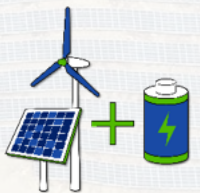


For further information:
crossbowproject.eu



ETRA has led the CROSSBOW project since 2017, with the noteworthy participation of COBRA INSTALACIONES Y SERVICIOS.

CROSSBOW is one of the most relevant innovation projects in the field of electricity transmission networks in the European Union. With 4 years of duration and co-financing from the Research and Innovation Program of the European Commission (Horizon 2020), the project has a budget of € 22 million. CROSSBOW is being developed by a consortium of 24 partners from 13 countries, including COBRA INSTALACIONES Y SERVICIOS and ETRA, the latter holding the position of project coordinator.



The main objective of CROSSBOW is to facilitate the shared use of renewable energy generation and storage units in Southeast Europe, which will allow for a greater penetration of clean energies in the market. In addition, it seeks to achieve a reduction in operating costs and an increase in the economic benefits associated with them, both for the operators of the electricity system and for the owners of the generation and storage plants.

These benefits will be achieved by fostering regional cooperation among system operators in Southeast Europe. All this will be possible thanks to the development and implementation of nine different tools that help system operators in the region and the regional coordination center in Belgrade to facilitate this greater penetration of renewable energies.

The nine solutions complement each other to offer the regional transmission network greater flexibility and solidity through:

- 1) Better control of the exchange power at international interconnection points.
- 2) Better energy storage solutions - distributed and centralized.
- 3) Better communication and control, that is, better observability of the network.
- 4) The definition of a transnational market, which proposes fair and sustainable remuneration for clean energies through the definition of new business models.



The impact of CROSSBOW products will be evaluated under real conditions for 18 months (starting at the end of 2020) in Transmission System Operators of the national electricity grid of 8 countries (Bulgaria, Romania, Greece, Montenegro, Former Yugoslav Republic of Macedonia, Croatia, Bosnia-Herzegovina and Serbia).

In summary, CROSSBOW will allow for set of solutions and technologies to be put on the market that increase the intelligence, flexibility and security of an open and sustainable European energy network, with improved use of storage technologies, flexibility of demand and increase in the proportion of renewable energies in the European energy mix.



WISEGRID PROJECT

WiseGRID (Wide scale demonstration of Integrated Solutions and business models for European smartGRID) is a European project in the field of energy that is being developed under the framework of the European Innovation Program - Horizon 2020.

The project, with a budget of €17.6M and a consortium in which 21 partners from 8 different countries are working together, is coordinated by ETRA.

WiseGRID promotes a virtuous circle between three key aspects in future electricity distribution networks: storage technologies, renewable energy systems and the large-scale deployment of the electric vehicle as a key player in the energy ecosystem and mobility.

To this end, WiseGRID provides 9 technological solutions that will provide added value to all players in the energy ecosystem, from the distribution network operators to the end users - who become electricity prosumers. The project empowers all these players and facilitates their synergistic collaboration, whatever their size may be, in order to achieve a more decarbonized and safe electricity network.

These solutions are being deployed in five large-scale pilot prototypes in Crevillent (Spain), Flanders (Belgium), Terni (Italy), Kythnos and Mesogia (the latter both in Greece).

WiseGRID is having a great impact and has received outstanding recognition internationally. By way of example, only during 2018 the project has received three prestigious awards:

- Good Practice of the year Award, in the category of technology and design, awarded by the Renewables Grid Initiative.
- Business Award of the EU Sustainable Energy Week (EUSEW).
- Citizen's Award of the EU Sustainable Energy Week (EUSEW).

Both the European Commission and the consortium developing the WiseGRID are convinced that the technologies developed by the project will have an important impact on the process of energy transition that Europe has before it.



6.10.3. SERVICES

To carry out this function, Clece has its own specific R&D department and a formal management system certified under the UNE 166002:2006 standard, which is audited by an independent third party.

As of December 31, 2018, there were 4 ongoing research and development projects, in which € 0.9 million were invested.



6.11. LIST OF CONTENTS OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT



Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
General Information		
A brief description of the group's business model, which will include its business environment, its organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future development and expansion.	102-2 Activities, brands, products and services 102-4 Location of operations 102-6 Markets served 102-7 Size of the organization 102-15 Main impacts, risks and opportunities	6.0. Business model Page 122
A description of the applicable group policies in regards to the said matters [environmental and social matters, that which relates to human rights and combating corruption and bribery, as well as that which pertains to staff, including the measures that have been adopted to favor the principle of equal treatment and opportunities among women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility], which shall include due diligence procedures applied to the identification, evaluation, prevention and mitigation of risks and significant impacts, along with the verification and control thereof, including which measures have been adopted.	103-2 The management approach and its components	6.0.1. Strategy and impacts Page 123
The results of these policies, including key indicators of relevant non-financial results that allow for the monitoring and assessment of progress, while favoring the comparability between companies and sectors, in accordance with the national, European or international frameworks of reference used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	6.0.1. Strategy and impacts Page 123
The main risks related to these matters [environmental and social matters, that which relates to human rights and combating corruption and bribery, as well as that which pertains to staff, including the measures that have been adopted to favor the principle of equal treatment and opportunities among women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility] linked to the group's business activities, including, where appropriate and proportionate, the respective business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, while explaining the procedures used to detect and evaluate them in accordance with the national, European or international frameworks of reference for each matter. Information on the impacts that have been detected must be included, along with a breakdown of them, in particular regarding the main short, medium and long-term risks.	102-15 Main impacts, risks and opportunities	6.0.2. Risks Page 124

Information requested by the Non-Financial Information Bill

Corresponding GRI indicators

Location of Information included

Key indicators of non-financial results that are relevant to the specific business activity, while meeting the criteria for comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both in terms of time and between entities, we will use standards for key non-financial indicators in particular, which can be generally applied, while complying with the guidelines of the European Commission on this matter and the standards of the Global Reporting Initiative, with it being required to mention in the report, the national, European or international framework used for each matter. The key indicators for non-financial results must be applied to each of the sections of the status of non-financial information disclosure. These indicators should be useful, taking into account the specific circumstances, while being consistent with the parameters used in their internal risk assessment and management procedures. In any case, the information presented must be accurate, comparable and verifiable.

103-2 The management approach and its components
103-3 Evaluation of the management approach
102-54 Statement on the preparation of the report being in accordance with the GRI Standards

6.0.1. Strategy and impacts
Page 123

Environmental Matters

General Detailed Information

Regarding current and foreseeable effects of the activities of the company on the environment and, where appropriate, health and safety

-

6.1. Environment
Page 125

Regarding environmental assessment or certification procedures

-

6.1. Environment
Page 125

Regarding the resources dedicated to the prevention of environmental risks

-

6.1. Environment
Page 125

Regarding the application of the precautionary principle

102-11 Precautionary principle or approach

6.1. Environment
Page 125

Regarding the amount of provisions and guarantees for environmental risks

-

6.1. Environment
Page 125

Pollution

Measures to prevent, reduce or repair emissions that seriously affect the environment; while taking into account any form of air pollution specific to a particular business activity, including noise and light pollution.

305-1 Direct GHG emissions (scope 1)
305-2 Indirect GHG emissions when generating energy (scope 2)
305-3 Other indirect GHG emissions (scope 3)
305-5 Reduction of GHG emissions
305-6 Emissions of ozone depleting substances (ODS)
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions

6.1.1. Emissions: Pollution and climate change
Page 126-127

Circular economy and waste prevention and management

Prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste.

301-2 Recycled supplies
301-3 Reused products and packaging materials
303-3 Recycled and reused water
306-1 Water discharge according to quality and destination
306-2 Waste by type and method of disposal

6.1.2. Circular economy and waste prevention
Page 128
6.1.3. Sustainable use of resources
Efficient use of water resources
Page 130

Sustainable use of resources

Water consumption and water supply according to local constraints

303-1 Water extraction by source
303-2 Water sources significantly affected by water extraction

6.1.3. Sustainable use of resources
Efficient use of water resources
Page 130

Consumption of raw materials and measures taken to improve the efficiency of their use

301-1 Materials used by weight or volume

6.1.3. Sustainable use of resources
Consumption of materials: Sustainable construction
Page 131-134

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Direct and indirect consumption of energy	302-1 Energy consumption within the organization 302-2 Energy consumption outside the organization	6.1.3. Sustainable use of resources Consumption of materials: Energy Consumption Page 129
Measures taken to improve energy performance	302-4 Reduction of energy consumption 302-5 Reduction of the energy requirements for products and services	6.1.3. Sustainable use of resources Energy Consumption Page 129
Utilization of renewable energies	302-1 Energy consumption within the organization	6.1.3. Sustainable use of resources Energy Consumption Page 129
Climate Change		
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	305-1 Direct GHG emissions (scope 1) 305-2 Indirect GHG emissions when generating energy (scope 2) 305-3 Other indirect GHG emissions (scope 3)	6.1.1. Emissions: Pollution and climate change Page 126-127
Measures taken to adapt to the consequences of climate change		6.1.1. Emissions: Pollution and climate change Page 126-127
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for that purpose.	305-5 Reduction of GHG emissions	6.1.1. Emissions: Pollution and climate change Page 126-127
Protecting biodiversity		
Measures taken to preserve or restore biodiversity	304-3 Habitats protected or restored	6.1.4. Biodiversity Page 135-137
Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	6.1.4. Biodiversity Page 135-137
Social and staff related matters		
Employment		
Total number and distribution of employees according to the representative criteria of diversity (gender, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity in governing bodies and among employees	6.2. People Page 138-139
Total number and distribution of work contract modalities, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	102-8 Information regarding employees and other workers	6.2.1. Diversity and equality Page 140
Number of dismissals by gender, age and professional classification		6.2. People Page 139
The average remunerations and their evolution disaggregated by gender, age and professional classification or equal value	102-38 Total annual compensation ratio 102-39 Ratio of the percentage increase in the total annual compensation	6.2.1. Diversity and equality Page 142
Wage gap, equal or average salary for job positions of the company	405-2 Ratio of base salary and remuneration of women compared to men	6.2.1. Diversity and equality Page 141-142
The average remuneration of directors and executives, including variable remuneration, allowances and compensation	-	6.2.1. Diversity and equality Page 141
The payment to pension systems of long-term savings and any other collection, disaggregated by gender	201-3 Obligations of the defined benefit plan and other retirement plans	6.2.1. Diversity and equality Page 141
Implementation of employment termination policies	-	At present, the ACS Group has conciliation measures but not for labor termination
Employees with disabilities	405-1 Diversity in governing bodies and employees	6.2.1. Diversity and equality Page 140-143

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Organization of work		
Organization of work hours	-	6.2.2. Organization of work and social relations Page 144
Number of hours of absenteeism	403-2 Types of accidents and frequency of accidents, occupational diseases, days lost, absenteeism and number of deaths due to work-related accidents or occupational diseases.	6.2.2. Organization of work and social relations Page 144
Measures designed to facilitate the utilization of conciliation and encourage the co-responsible exercise of it by both parents	401-3 Parental permission	6.2.2. Organization of work and social relations Page 144
Health and safety		
Health and Safety Conditions at Work	403-3 Workers with high incidence or high risk of diseases related to their activity	6.3. Health and Safety Page 150
Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender.	403-2 Types of accidents and frequency of accidents, occupational diseases, days lost, absenteeism and number of deaths due to work-related accidents or occupational diseases.	6.3. Health and Safety Page 150
Social Relations		
Organization of social dialogue, including procedures to inform and consult staff and negotiate with them.	102-43 Approach for the participation of the interest groups 402-1 Minimum advance notice periods on operational changes 403-1 Representation of the workers in formal committees on worker-company health and safety	6.2.2. Organization of work and social relations Page 144
Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements	6.2.2. Organization of work and social relations Page 144
Total collective bargaining agreements, particularly in the field of health and safety at work	403-4 Health and safety issues addressed in formal agreements with unions	6.2.2. Organization of work and social relations Page 144
Training		
The policies implemented in regards to training	404-2 Programs to improve employee skills and transition assistance programs	6.2.3. Developing talent Page 145-149
The total amount of training hours by professional categories	404-1 Average training hours per year per employee	6.2.3. Developing talent Page 149
Universal accessibility of people with disabilities		
Universal accessibility of people with disabilities	-	6.2.1. Diversity and equality Page 140-143
Equality		
Measures taken to promote equal treatment and opportunities between women and men	401-3 Parental permission	6.2.1. Diversity and equality Page 140-143
Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, hiring and the universal accessibility of people with disabilities	-	6.2.1. Diversity and equality Page 140-143
The policy against all types of discrimination and, where appropriate, management of diversity	406-1 Cases of discrimination and corrective actions taken	6.4.1. Respect for Human Rights: The ACS Group's Code of Conduct and Human Rights Policy Page 158-159

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Respect for human rights		
Human rights		
Application of due diligence procedures in the field of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 410-1 Security personnel trained in human rights policies or procedures 412-1 Operations subjected to human rights review or impact assessments 412-2 Training of employees on human rights policies or procedures 412-3 Significant investment agreements and contracts with clauses on human rights or subject to human rights evaluation	6.4.1. Respect for Human Rights: The ACS Group's Code of Conduct and Human Rights Policy Page 156-157
Complaints regarding cases of violation of human rights	419-1 Non-compliance with laws and regulations regarding social and economic aspects	6.4. Regulatory Compliance: Human Rights and Combating Corruption and Bribery Page 156-159
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in regards to employment and occupation; the elimination of all forms of forced or compulsory labor; and the effective abolition of child labor.	406-1 Cases of discrimination and corrective actions taken 407-1 Operations and suppliers for which the right to freedom of association and collective bargaining could be at risk 408-1 Operations and suppliers with significant risk of child labor cases 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labor	6.4.1. Respect for Human Rights: The ACS Group's Code of Conduct and Human Rights Policy Page 156-159
Combating corruption and bribery		
Corruption and bribery		
Measures taken to prevent corruption and bribery	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for risks related to corruption	6.4.2 Combating corruption and bribery: Criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001). Page 157
Measures for combating money laundering	205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed cases of corruption and measures taken	6.4.2 Combating corruption and bribery: Criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001). Page 157
Contributions to foundations and non-profit entities		6.4.2 Combating corruption and bribery: Criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001). Page 157

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Company Background Information		
The company's commitments to sustainable development		
The impact of the company's business activity on employment and local development	204-1 Proportion of spending on local suppliers 413-1 Operations with local community participation, impact assessments and development programs	6.6. Giving back to society Page 165-169
The impact of the company's business activities on local populations and in the territory	204-1 Proportion of spending on local suppliers	6.6. Giving back to society Page 165-169
The relationships maintained with the players in the local communities and the modalities of dialog with them	102-43 Approach for the participation of the stakeholders	6.5. Management of the relationship with Stakeholders Page 161-163
The actions take regarding associations or sponsorship	-	6.6. Giving back to society Page 165-169
Subcontracting and suppliers		
The inclusion of social, gender equality and environmental issues in the purchasing policy	308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers that have passed evaluation and selection filters according to social criteria	6.7. Suppliers and contractors Page 172-174
Consideration in the relations with suppliers and subcontractors regarding their social and environmental responsibility	308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers that have passed evaluation and selection filters according to social criteria	6.7. Suppliers and contractors Page 172-174
Oversight systems and audits and the respective results	308-2 Negative environmental impacts in the supply chain and measures taken 414-2 Negative social impacts in the supply chain and measures taken	6.7. Suppliers and contractors Page 172-174
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of the categories of products or services	The matter is not material according to the materiality report (chapter 9.2), because the company does not have direct consumers due to the type of business (business to business). The information regarding the commitment of quality to the customer can be verified in chapter 6.8. Page 165
Complaint systems, complaints received and the respective resolution	102-43 Approach for the participation of stakeholders 102-44 Key issues and concerns mentioned 418-1 Fundamental complaints related to violations of customer privacy and loss of customer data	The matter is not material according to the materiality report (chapter 9.2), because the company does not have direct consumers due to the type of business (business to business). The information regarding the commitment of quality to the customer can be verified in chapter 6.8. Page 165
Tax information		
The profits obtained country by country	201-1 Direct economic value generated and distributed	6.9. Tax Information Page 178-179
The Income Taxes paid	201-1 Direct economic value generated and distributed	6.9. Tax Information Page 178-179
The public subsidies received	201-4 Financial assistance received from the government	6.9. Tax Information Page 178-179

ASSURANCE REPORT



KPMG Asesores S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year 2018

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

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

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2018, of ACS, Actividades de Construcción y Servicios, S.A. (hereinafter the parent Company) and subsidiaries (hereinafter the Group) which forms part of the Group's 2018 Consolidated Director's Report.

The 2018 Consolidated Director's Report includes additional information to that required by prevailing mercantile legislation that has not been the subject of our assurance work. In this regard, our assurance work was limited only to providing assurance on the information contained in table "List of Contents of the Consolidated Non-Financial Information Statement" of the accompanying 2018 Consolidated Director's Report.

Directors' responsibilities

The Board of Directors of the parent Company is responsible for the preparation and presentation of the NFIS included in the 2018 Consolidated Director's Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards in its comprehensive option and the Construction and Real Estate Sector Disclosures of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in table "GRI Content Index" of the aforementioned 2018 Consolidated Director's Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the parent Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report, referring solely to 2018, based on the work performed. The data for previous years were not subject to assurance according to prevailing mercantile legislation.



We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the parent Company and subsidiaries that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the parent Company personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the parent Company and described in the section Principles of Reporting, considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2018.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2018 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the contents collected in prevailing mercantile legislation and in accordance with the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in the table "GRI Content Index" of the aforementioned 2018 Consolidated Director's Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

12 April 2019