Auditor's Report on ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries for the year ended 31 December 2022)

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

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(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.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of ACS, Actividades de Construcción y Servicios, S.A. (the "Parent") and Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts (Euros 31,432,887 thousand)

See notes 03.16, 12 and 27 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
A significant portion of the Group's revenue relates to construction contracts, in which revenue is recognised using the percentage of completion method or based on the stage of completion of the contract. The recognition of revenue and the profit/loss on these contracts therefore entails a high level of judgement by management and the Directors, and exhaustive control of the estimates made and any deviations that might arise over the contract term. The estimates take into account all costs and revenue associated with the contracts, including any additional costs not initially budgeted, any risks or claims being disputed, and any revenue under negotiation with or being claimed from the customer. Due to the uncertainty associated with these estimates, mainly those corresponding to claims under dispute or under negotiation with customers and the fact that these estimates could lead to material differences in the revenue recorded, the recognition of revenue from long-term contracts has been considered a key audit matter.	Our audit procedures included the following: – evaluating the design and implementation of the key controls associated with the process of recognising revenue from long-term contracts; – selecting a sample of construction contracts based on certain quantitative and qualitative criteria, so as to evaluate the most significant and complex estimates used in the recognition of revenue. We obtained documentation supporting these estimates and evidence of any judgements made by management and the Directors; – conducting, for a sample of projects, a comparative analysis of profit/loss on completed contracts with regard to the expected result; – analysing the key clauses of a selection of contracts, identifying relevant contractual mechanisms, such as penalties, and assessing whether or not such clauses have been appropriately reflected in the amounts recognised in the consolidated annual accounts;

	– analysing the reasonableness and the judgement applied by management and the Directors in evaluating completed works with progress billings pending and awaiting approval by the customer, recognised as revenue at year end, and for a sample of such works analysing the status of negotiations with customers of the main contracts and evaluating the reasonableness and consistency of the documentation underpinning the probability of recovery, considering our own expectations based on knowledge of the component and our experience in the sector and in the countries in which the Group operates; – visiting certain work sites, evaluating their key financial figures and identifying possible areas of risk through observation, analysis of documentation and interviews with project personnel; – assessing whether the most relevant provisions recognised at year end in relation to each of the contracts reasonably reflect the main obligations and the level of risk of the contracts, evaluating the judgement applied by management and the Directors in these estimates; – assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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

Measurement of the investment in ABERTIS See notes 02.02.e) and 09 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2022 the Group holds an equity-accounted investment in Abertis Holdco, S.A. which is recognised under "Investments accounted for using the equity method" in the consolidated statement of financial position in an amount of Euros 2,971,045 thousand. As required under the applicable financial reporting framework, once the investment has been accounted for using the equity method, the Group assesses whether there are any indications that its net investment in the associate may be impaired, making an estimate of the recoverable amount. The recoverable amount is calculated by applying valuation techniques that require the exercising of judgement by the Directors and management, as well as the use of assumptions and estimates. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the investment, we have considered the measurement of the investment in Abertis Holdco, S.A. a key audit matter.	Our audit procedures included the following: - evaluating the design and implementation of key controls related to the process of estimating the recoverable amount; - evaluating the reasonableness of the methodology, assumptions and data used by management and the Directors when estimating the recoverable amount of the investment in Abertis Holdco, S.A., with the involvement of our finance specialists, and analysing the sensitivity of this amount to changes in certain key assumptions, in order to determine the impact thereof on the measurement; - evaluating whether impairment associated with the investment exists by comparing the carrying amount with the recoverable amount; - assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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

Accounting treatment of the investment in Ventia See notes 02.02 f), 10 and 29 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
During the first quarter of 2022 the subsidiary CIMIC, which holds 32.8% of the capital of Ventia Services Group (hereinafter Ventia), made the decision to temporarily withdraw its representatives from the Board of Directors of this company, therefore renouncing certain rights as shareholder, whilst still retaining protective rights. Consequently, it was considered that the Group had lost significant influence over Ventia, and as such, the investment therein, which had been recorded as an equity-accounted associate is currently as a non-current financial asset under IFRS 9 at fair value through profit or loss. A gain of Euros 338.3 million was recorded under "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement for 2022, as a result of the difference between the fair value of Ventia at 31 March 2022, the date on which it was considered significant influence was lost, and its carrying amount at that date. Due to the significance of the accounting effects of the decision made by CIMIC and since the evaluation of whether significant influence exists entails a value judgement, this has been considered a key audit matter.	Our audit procedures included the following: - analysing the agreements entered into by CIMIC, Ventia and one of the latter's main shareholders, as well as CIMIC's decision to temporarily withdraw its representatives from Ventia's Board of Directors and its renouncement of certain rights as shareholder; - assesing whether or not CIMIC holds significant influence over Ventia, in accordance with the qualitative factors set out in IAS 28.6, by analysing which representatives the shareholders have on the Board of Directors, who participates in the significant operational decision-making processes, or who maintains the capacity to appoint key management personnel, among others; - analysing the calculation of the fair value of the investment in Ventia at the date significant influence is lost; - assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Blueridge Transportation Group business combination See notes 02.02. f), 29 and 32 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
Between August and October 2022 the subgroup Iridium, through its North American subsidiary ACS Infrastructure Development, entered into various sale and purchase agreements with four shareholders of Blueridge Transportation Group, LLC (hereinafter BTG), to acquire a 56.76% stake therein, in addition to the 21.62% interest already held. Following compliance with the terms on which this transaction was subject to, in December 2022 the Group reached a 78.38% stake in BTG, thus holding the majority of voting rights. As a result of this transaction and in accordance with the financial reporting framework applicable to the Group, this investment, which until then had been recognised using the equity method, is now fully consolidated. Goodwill of Euros 388 million arose in the consolidation due to the business combination. In addition, as a result of the recognition of net assets relating to the pre-existing 21.62% stake held by the Group at fair value, a gain of Euros 334.8 million has been recorded under "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement for 2022. Taking into consideration the high level of judgement applied in the business combination process, including aspects such as the evaluation of the existence and moment of taking control, as well as the complexity in the use of valuation techniques to determine the fair values of the net assets acquired and the goodwill arising and the significance of their amounts, we have considered this business combination as a key audit matter.	Our audit procedures included the following: - assessing the design and implementation of key controls established when identifying and recognising the assets and liabilities acquired and the goodwill arising from the business combination; - assessing the taking of control of BTG by the Group and the moment in which this takes place, considering the sale and purchase agreements signed with BTG's former shareholders, the shareholders' agreement and the sale and purchase agreement; - assessing the financial information of the concession company BTG which supports the key figures included in the business combination process, having also obtained a valuation report prepared by the Group for which we analysed the reasonableness of the methodology, assumptions and key data considered when identifying and determining the goodwill arising from the business combination and the fair value of the assets acquired and liabilities assumed, highlighting mainly the intangible assets associated with the highway concession and the associated debt; for which we have involved our valuation specialists; - assessing the reasonableness of the amount recognised in consolidated profit for the year as a result of the measurement at fair value of the pre-existing investment. - assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for 2022 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of ACS, Actividades de Construcción y Servicios, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 23 March 2023.

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

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 6 May 2022 for a period of one year, beginning after the year ended 31 December 2021.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2019.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702
(Signed on original in Spanish)

Manuel Martín Barbón
On the Spanish Official Register of Auditors ("ROAC") with No. 16239

23 March 2023

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ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

ASSETS	Note	Thousands of Euros	
		31/12/2022	31/12/2021
NON-CURRENT ASSETS		**12,420,992**	**11,010,031**
Intangible assets	04	**3,283,899**	**3,279,412**
Goodwill		2,716,197	2,672,253
Other intangible assets		567,702	607,159
Tangible assets - property, plant and equipment	05	**1,572,180**	**1,464,868**
Non-current assets in projects	06	**281,746**	**72,853**
Investment property	07	**68,561**	**41,003**
Investments accounted for using the equity method	09	**4,828,089**	**4,524,229**
Non-current financial assets	10	**1,434,655**	**765,707**
Long term deposits	10	**405**	**987**
Derivative financial instruments	22	**112,190**	**11,577**
Deferred tax assets	26.05	**839,267**	**849,395**
CURRENT ASSETS		**25,159,308**	**24,654,314**
Inventories	11	**828,968**	**742,092**
Trade and other receivables	12	**8,564,653**	**8,380,356**
Trade receivables for sales and services	10	7,383,175	6,686,487
Other receivable	10	1,006,282	1,400,815
Current tax assets	26	175,196	293,054
Other current financial assets	10	**1,180,617**	**1,280,079**
Derivative financial instruments	22	**252,839**	**200,875**
Other current assets	13	**226,771**	**202,839**
Cash and cash equivalents	10 y 14	**9,419,987**	**11,253,419**
Non-current assets held for sale and discontinued operations	03.09	**4,685,473**	**2,594,654**
TOTAL ASSETS		**37,580,300**	**35,664,345**

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2022	31/12/2021
EQUITY	15	**6,375,877**	**7,028,203**
SHAREHOLDERS' EQUITY		**5,166,439**	**6,505,222**
Share capital		**142,082**	**152,332**
Share premium		**366,379**	**366,379**
Reserves		**4,625,358**	**3,633,014**
(Treasury shares and equity interests)		**(622,170)**	**(691,916)**
Profit for the period of the parent		**668,227**	**3,045,413**
(Interim dividend)		**(13,437)**	**—**
ADJUSTMENTS FOR CHANGES IN VALUE		**380,957**	**(170,918)**
Financial assets with changes in other comprehensive income		**(60,016)**	**(6,847)**
Hedging instruments		**343,293**	**(73,150)**
Translation differences		**97,680**	**(90,921)**
EQUITY ATTRIBUTED TO THE PARENT		**5,547,396**	**6,334,304**
NON-CONTROLLING INTERESTS		**828,481**	**693,899**
NON-CURRENT LIABILITIES		**11,484,229**	**11,444,846**
Grants	16	**2,039**	**2,099**
Non-current provisions	20	**1,549,091**	**1,835,267**
Non-current financial liabilities		**8,878,681**	**8,717,354**
Bank borrowings, debt instruments and other marketable securities	17	8,565,069	8,570,163
Project finance with limited recourse	18	205,476	51,069
Other financial liabilities	19	108,136	96,122
Long term lease liabilities	05	**550,746**	**401,430**
Derivative financial instruments	22	**23,569**	**33,050**
Deferred tax liabilities	26.05	**294,346**	**227,112**
Other non-current liabilities		**185,757**	**228,534**
CURRENT LIABILITIES		**19,720,194**	**17,191,296**
Current provisions	20	**926,631**	**996,564**
Current financial liabilities		**1,498,323**	**1,808,491**
Bank borrowings, debt instruments and other marketable securities	17	1,445,417	1,751,296
Project finance with limited recourse	18	33,666	18,472
Other financial liabilities	19	19,240	38,723
Short term lease liabilities	05	**155,055**	**150,765**
Derivative financial instruments	22	**131,537**	**172,791**
Trade and other payables	23	**13,192,884**	**11,738,435**
Suppliers		7,126,000	5,940,236
Other payables		5,898,483	5,637,192
Current tax liabilities	26	168,401	161,007
Other current liabilities	24	**336,288**	**266,700**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**3,479,476**	**2,057,550**
TOTAL EQUITY AND LIABILITIES		**37,580,300**	**35,664,345**

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Thousands of Euros	
		2022	2021
REVENUE	27	**33,615,234**	**27,836,658**
Changes in inventories of finished goods and work in progress		10,242	19,437
Capitalised expenses of in-house work on assets	27	250	556
Procurements	28.01	(23,375,215)	(19,019,818)
Other operating income	27	170,138	105,529
Personnel expenses	28.02	(7,249,882)	(6,239,286)
Other operating expenses		(2,272,551)	(1,680,762)
Depreciation and amortisation	04,05,06 y 07	(620,750)	(479,446)
Allocation of grants relating to non-financial assets and others	16	299	299
Impairment and gains or losses on the disposal of non-current assets	29	692,646	(199,642)
Other results	29	(277,597)	(246,790)
Ordinary results of companies accounted for using the equity method	09	380,918	272,745
Financial income		178,369	102,555
Financial costs	28.05	(484,152)	(362,517)
Changes in the fair value of financial instruments	22 y 28.04	219,220	(91,821)
Exchange differences		9,583	24,858
Impairment and gains or losses on the disposal of financial instruments	29	7,345	14,267
Non-ordinary results of companies accounted for using the equity method	09	4,554	680
PROFIT BEFORE TAX		**1,008,651**	**57,502**
Income tax	26.03	(201,200)	(789,372)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**807,451**	**(731,870)**
Profit after tax from discontinued operations	03.09	65,333	3,958,104
PROFIT FOR THE PERIOD		**872,784**	**3,226,234**
(Profit) / loss attributed to non-controlling interests	15.07	(204,557)	(169,481)
(Profit) / loss from discontinued operations attributable to non-controlling interests	15.07	—	(11,340)
PROFIT ATTRIBUTABLE TO THE PARENT		**668,227**	**3,045,413**

EARNINGS PER SHARE	Note	Euros per share	
		2022	2021
Basic earnings per share	31	2.50	10.74
Diluted earnings per share	31	2.50	10.74
Basic earnings per share from discontinued operations	31	0.24	13.91
Basic earnings per share from continuing operations	31	2.26	(3.18)
Diluted earnings per share from discontinued operations	31	0.24	13.91
Diluted earnings per share from continuing operations	31	2.26	(3.18)

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated income statement for the year ended 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Thousands of Euros	
	2022	2021
(A) CONSOLIDATED RESULTS FOR THE PERIOD	**872,784**	**3,226,234**
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	**150,204**	**(3,817)**
For actuarial gains and losses	197,747	32,173
Tax effect (Note 26.04)	(47,543)	(35,990)
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	**618,721**	**713,801**
1. Hedging transactions:	**130,225**	**45,324**
Valuation gains/(losses)	119,592	24,666
Amounts transferred to the profit and loss account	10,633	20,658
2. Conversion differences:	**93,478**	**389,614**
Valuation gains/(losses)	115,036	162,223
Amounts transferred to the profit and loss account	(21,558)	227,391
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	**504,765**	**247,121**
Valuation gains/(losses)	504,765	247,121
4. Debt instruments at Fair value through other comprehensive income	**—**	**—**
5. Other income and expenses that may be reclassified after the result of the period:	**(97,980)**	**74,042**
Valuation gains/(losses)	(97,980)	74,118
Amounts transferred to the profit and loss account	—	(76)
6. Tax effect (Note 26.04)	**(11,767)**	**(42,300)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	**1,641,709**	**3,936,218**
Attributed to the controlling entity	1,331,915	3,542,392
Attributed to non-controlling interests	309,794	393,826

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Thousands of Euros								
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Interim dividend	Non-controlling interests	TOTAL
Balance at 01 January 2021	**155,332**	**495,226**	**3,608,699**	**(636,011)**	**(668,772)**	**574,005**	**—**	**747,428**	**4,275,907**
Income / (expenses) recognised in equity	—	—	(875)	—	497,854	3,045,413	—	393,826	**3,936,218**
Capital increases (Note 15)	5,449	—	(5,449)	—	—	—	—	—	**—**
Capital reductions (Note 15)	(3,000)	—	3,000	—	—	—	—	—	**—**
Stock options	—	—	4,471	—	—	—	—	—	**4,471**
Distribution of profit from the prior year:									
To reserves	—	—	574,005	—	—	(574,005)	—	—	**—**
Acquisition of free allocation rights against 2020 (Note 15)	—	—	(128,847)	—	—	—	—	—	**(128,847)**
Remaining allotment rights from 2020 accounts (Note 15)	—	—	73,131	—	—	—	—	—	**73,131**
Acquisition of additional free allocation rights 2020 (Note 15)	—	—	(359,064)	—	—	—	—	—	**(359,064)**
Remaining allotment rights from 2020 accounts (Note 15)	—	—	200,992	—	—	—	—	—	**200,992**
To dividends	—	—	—	—	—	—	—	(341,716)	**(341,716)**
Treasury shares (Note 15.04)	(5,449)	(128,847)	(282,051)	(55,905)	—	—	—	—	**(472,252)**
Treasury shares through investees	—	—	(2,390)	—	—	—	—	(2,186)	**(4,576)**
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(52,608)	—	—	—	—	(103,453)	**(156,061)**
Balance at 31 December 2021	**152,332**	**366,379**	**3,633,014**	**(691,916)**	**(170,918)**	**3,045,413**	**—**	**693,899**	**7,028,203**
Income / (expenses) recognised in equity	—	—	111,813	—	551,875	668,227	—	309,794	**1,641,709**
Capital increases (Note 15)	6,090	—	(6,090)	—	—	—	—	—	**—**
Capital reductions (Note 15)	(10,250)	—	10,250	—	—	—	—	—	**—**
Stock options	—	—	4,471	—	—	—	—	—	**4,471**
Distribution of profit from the prior year:									
To reserves	—	—	3,045,413	—	—	(3,045,413)	—	—	**—**
Acquisition of free allocation rights against 2021 (Note 15)	—	—	(128,736)	—	—	—	—	—	**(128,736)**
Remaining allotment rights from 2021 accounts (Note 15)	—	—	71,310	—	—	—	—	—	**71,310**
Acquisition of additional free allocation rights 2021 (Note 15)	—	—	(388,861)	—	—	—	—	—	**(388,861)**
Remaining allotment rights from 2021 accounts (Note 15)	—	—	203,294	—	—	—	—	—	**203,294**
To dividends	—	—	—	—	—	—	(13,437)	(97,712)	**(111,149)**
Treasury shares (Note 15.04)	(6,090)	—	(773,438)	69,746	—	—	—	—	**(709,782)**
Treasury shares through investees	—	—	155	—	—	—	—	64	**219**
Changes in the ownership interest in controlled entities	—	—	(1,097,057)	—	—	—	—	(430,683)	**(1,527,740)**
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(60,180)	—	—	—	—	353,119	**292,939**
Balance at 31 December 2022	**142,082**	**366,379**	**4,625,358**	**(622,170)**	**380,957**	**668,227**	**(13,437)**	**828,481**	**6,375,877**

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		Note	Thousands of Euros	
			2022	2021
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**1,743,338**	**203,141**
1	**Profit before tax**		**1,008,651**	**57,502**
2	**Adjustments for:**		**376,951**	**1,425,478**
	Depreciation and amortisation		620,750	479,446
	Other adjustments to profit (net)	03.23	(243,799)	946,032
3	**Changes in working capital**		**44,135**	**(1,303,175)**
4	**Other cash flows from operating activities:**		**313,601**	**23,336**
	Interest paid	17, 18 y 19	(470,524)	(386,596)
	Dividends received		640,225	466,765
	Interest received	03.23	169,947	108,976
	Income tax (paid) / received	26	(26,047)	(165,809)
B)	**CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES**	04, 05, 06 y 07	**(198,099)**	**3,397,643**
1	**Investment paid:**		**(772,986)**	**(690,715)**
	Group companies, associates and business units		(452,476)	(202,327)
	Property, plant and equipment, intangible assets, projects and property investments		(285,175)	(386,207)
	Other financial assets		(35,278)	(102,181)
	Other assets		(57)	—
2	**Divestment:**	03, 04, 05, 06, 07 y 09	**574,887**	**4,088,358**
	Group companies, associates and business units		484,327	3,753,996
	Property, plant and equipment, intangible assets, projects and investment property		76,062	48,149
	Other financial assets		14,498	282,134
	Other assets		—	4,079
C)	**CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES**		**(3,537,774)**	**(770,952)**
1	**Equity instrument proceeds / (and payment):**	02.02.f y 15	**(2,233,472)**	**(484,692)**
	Issue		60,932	—
	Acquisition		(2,294,674)	(493,055)
	Disposal		270	8,363
2	**Liability instrument proceeds / (and payment):**	17, 18 y 19	**(376,983)**	**272,034**
	Issue		3,703,193	4,634,213
	Refund and repayment		(4,080,176)	(4,362,179)
3	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(351,747)**	**(396,012)**
4	**Other cash flows from financing activities:**		**(575,572)**	**(162,282)**
	Payment of operating lease principal		(201,955)	(232,214)
	Other financing activity proceeds and payables	03.23	(373,617)	69,932
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**159,103**	**342,779**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**(1,833,432)**	**3,172,611**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**		**11,253,419**	**8,080,808**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**		**9,419,987**	**11,253,419**

1. CASH FLOWS FROM OPERATING ACTIVITIES		—	(370,532)
2. CASH FLOWS FROM INVESTING ACTIVITIES		—	(149,403)
3. CASH FLOWS FROM FINANCING ACTIVITIES		—	718,252
NET CASH FLOWS FROM DISCONTINUED OPERATIONS		**—**	**198,317**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and banks		6,078,133	10,432,399
Other financial assets		3,341,854	821,020
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**9,419,987**	**11,253,419**

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended 31 December 2022.

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts for the year ended 31 December 2022

01. Group activity

ACS, Actividades de Construcción y Servicios, S.A., the Parent Company, is a public company incorporated in Spain in accordance with the Spanish Public Companies Act [Ley de Sociedades Anónimas] and its registered office is at Avenida de Pío XII, 102, 28036 Madrid.

In addition to the transactions it carries out directly, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of companies with diverse activities, including construction (both civil construction and building), concessions and services (for individuals and buildings, cities and their surroundings), which make up the ACS Group. The Company is therefore required to prepare, in addition to its own Individual Annual Accounts, the Consolidated Annual Accounts for the ACS Group, which include subsidiaries, interests in joint ventures and investments in associates.

In accordance with its corporate purpose, the business activities of ACS, Actividades de Construcción y Servicios, S.A., the Parent Company of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, and the provision of services for the upkeep, maintenance and operation of motorways, highways, roads and, in general any type of public or private roads and any other type of works, and any kind of industrial, commercial and financial actions and operations that bear a direct or indirect relationship to these operations.

2. The promotion, construction, restoration and sale of housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either as employees or as independent professionals. The upkeep and maintenance of works, facilities and services, whether urban or industrial.

3. The management and execution of all manner of works, facilities, assemblies and maintenance related to power plants and electricity production, transmission and distribution lines, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering — either directly or remotely — for industries and buildings and those suited to the above-mentioned facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of facilities related to the production, transmission, distribution, upkeep, recovery and use of electricity in all its stages and systems, and the operation, repair, replacement and upkeep of their components. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerisation and rationalisation of all kinds of energy consumption.

4. The management and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil protection, defence and traffic, voice and data transmission and use, measurements and signals, propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.

5. The management and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channelling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy

that may be used in the future, including the supply of special equipment, elements required for installation and assembly, and all manner of materials.

6. The management and execution of all manner of works, assemblies, facilities and maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.

7. The management and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channelling and distributing liquid and solid gases for all kinds of uses.

8. The management and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.

9. The management and execution of all manner of works, facilities, assemblies and maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.

10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialisation related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, power plants, and electricity transmission and distribution lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution and performance of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. The production, sale and use of electricity and of other energy sources and the performance of studies relating to them, and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas. Energy planning and rationalisation of the use of energy and combined heat and power generation. The research, development and exploitation of communications and information technologies in all their facets.

11. The manufacture, installation, assembly, erection, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; and metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.

12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic products and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.

13. The management and execution of reforestation and agricultural and fishery restocking works, and maintenance and improvement work. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-similar, industrial and sanitary waste; the treatment and sale of waste products, and the management and operation of waste treatment and transfer plants. Drafting and processing of all manner of environment-related projects.

16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilisation, disinfection and extermination of rodents. Cleaning, washing, ironing, sorting and transportation of clothing.

17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.

18. Transports of all kinds, especially ground transportation of passengers and merchandise, and transport-related activities. Management and operation, and the provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.

19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the above-mentioned groups; home hospitalisation and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.

20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centres, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centres, sporting, social and cultural events, exhibits, international conferences, general shareholders' and owners' association meetings, receptions, press conferences, teaching centres, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, and attention and service to neighbours, occupants, visitors and/ or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.

21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centres. Fire fighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.

22. Integral management or operation of public or private educational or teaching centres, and surveillance, service, education and control of student bodies or other educational collectives.

23. Reading of water, gas and electricity meters, maintenance, repair and replacement of these meters, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and instalment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance of these facilities or the goods deposited or safeguarded in them.

24. Handling, packing and distribution of food or consumer products; processing, flavouring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.

25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special law. Management and operation of facilities for the distribution of merchandise and goods in general, and especially perishable products, such as fish markets and wholesale and retail markets. Reception, docking, mooring and service connections to boats.

26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.

27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concession operator's shareholders and those that have any type of contractual relation to carry out any of the above-listed activities.

28. The acquisition, holding, use, administration and disposal of all manner of marketable securities for its own account, excluding activities that special law and, in particular, the law on the stock market, attribute solely to other entities.

29. To manage and administer fixed-income and equity securities of companies not resident in Spain, through the related organisation of the appropriate material and human resources in this connection.

30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, and supervision, management and consulting in their execution.

31. Occupational training and recycling of people who provide the services described in the preceding points.

02. Basis of presentation of the Consolidated Annual Accounts and basis of consolidation

02.01. Basis of presentation

The Consolidated Annual Accounts of the ACS Group for 2022 were prepared:

- By the Parent Company's directors, at the Board meeting held on 23 March 2023.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council and subsequent amendments, and in accordance with the format and labelling requirements set out in Commission Delegated Regulation (EU) 2019/815. The consolidation bases and the principal accounting policies and measurement bases applied in preparing the Group's Consolidated Annual Accounts for 2022 are summarised in Notes 02 and 03.

- Taking into account all the mandatory accounting principles and rules and measurement bases with a material effect on the Consolidated Annual Accounts, and the alternative treatments permitted by the relevant standards in this connection, which are specified in Note 03 (Accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2022 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Parent Company and by the other Group companies.

Notwithstanding the above, as a result of the current situation caused by the conflict between Ukraine and Russia that began in February 2022, and that has led to uncertainty regarding how markets will perform, the relevant accounting estimates and significant judgements made in the preparation of the ACS Group's Consolidated Annual Accounts are affected by a greater degree of uncertainty. Therefore, the effects on the ACS Group's Consolidated Annual Accounts have been assessed and analysed and are set out below in the following note.

Effect of the Ukraine-Russia conflict

The Russian army's invasion of Ukraine began on 24 February 2022. In addition, several countries have imposed sanctions and taken actions with the aim of isolating and weakening the Russian economy. Although the impact on the ACS Group's activity has not been significant as of the date of these Consolidated Annual Accounts, it is resulting in inflationary pressures, causing problems in supply chains and, in general, is having a significant effect on the global economy, increasing economic uncertainty and the volatility of asset values. The ACS Group continues to monitor the impact that the conflict could have on operating and financial performance in the activities of the Group's various divisions. Although the current situation caused by the conflict leads to uncertainty regarding the performance and development of the markets and the construction industry, the Group is highly diversified by activities and location in developed regions with stable political frameworks, and has a very significant backlog (see Note 27.02).

Issues related to climate change

ACS, Actividades de Construcción y Servicios, S.A., as the head of the ACS Group, integrates environmental, social and governance (ESG) factors and, in particular, the risks and opportunities of climate change, into its operating activities. Environmental, social and governance factors are integrated into its strategy, risk management and the establishment of measurable and objective parameters and their assessment. ACS, Actividades de Construcción y Servicios, S.A., as the Parent Company of the ACS Group, is committed to operating in a sustainable manner and the ACS Group's Directors' Report (and in particular the Non-Financial Information Statement) provides detailed information on its performance and progress in environmental, social and governance matters.

The potential impacts of environmental, social and governance factors, and especially those related to climate change, were considered in the Consolidated Annual Accounts (see Note 21.08), including the potential impact on expected cash flows from the ACS Group's construction, concession and services activities. It should be noted that the ACS Group's business activities primarily consist of construction and services activities and that, with the exception of certain concession investments, it is not the long-term owner of the projects it carries out.

Comparative information

The information contained in these Consolidated Annual Accounts of the ACS Group for the year ended 31 December 2021 is presented solely for comparative purposes with each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the Consolidated Annual Accounts for 2022, which differ from explanatory notes corresponding to the figures for 2021 in the information by business segment as a result of the new classification by business segment (see Note 25).

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the Group's last Consolidated Annual Accounts for 2021.

The ACS Group's Consolidated Annual Accounts for 2021, (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 6 May 2022.

The ACS Group's Consolidated Annual Accounts for 2022 have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent Company's Board of Directors considers that these Consolidated Annual Accounts will be approved without any material changes.

Responsibility for the information and estimates made

The information in these Consolidated Annual Accounts is the responsibility of the directors of the Group's Parent Company.

The Consolidated Annual Accounts were prepared from the accounting records for 2022 of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the consolidation perimeter.

In preparing this Consolidated Annual Accounts for the ACS Group for the year ended 31 December 2022, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, to quantify certain of the assets, liabilities, income, expenses and obligations reported in these annual accounts:

- The assessment of impairment losses on certain assets (Notes 03.01, 03.06 and 10) and, in particular, the assumptions and hypotheses considered in the analysis of the recoverability of the investment in Abertis (Note 09).
- The fair value of the assets acquired and of the liabilities assumed in business combinations (Note 02.02.f) and the assignment of the Purchase Price Allocation in acquisitions.
- The assumptions and hypotheses considered in analysing the recoverability of goodwill (Note 03.01).
- The recognition of earnings in construction contracts (Note 03.16.01).
- The amount of certain provisions (Note 03.13).
- The assumptions used in the calculation of liabilities and obligations to employees (Note 03.12).
- The market value of derivatives (such as equity swaps, interest rate swaps, forward contracts, put option granted to Elliott on the interest in Thiess, the put option granted to Elliott to sell its Class C preference shares in Thiess, etc.) mentioned in Note 22.
- The useful life of the intangible assets and property, plant and equipment (Notes 03.02 and 03.03).
- The recoverability of deferred tax assets (Note 26.05).
- The loss of significant influence in Ventia (Note 02.02.f).
- The determination of the fair value of financial assets ("earn-out") and their consideration as discontinued operations (Note 03.09.02).
- Environmental issues and their effect on assumptions of accounting estimates and judgements related to financial information (Note 21.08).

Although these estimates were made on the basis of the best information available at the date of preparation of these Consolidated Annual Accounts on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future Consolidated Annual Accounts.

Changes in accounting estimates and policies and correction of fundamental errors

– Changes in accounting estimates

The effect of any change in accounting estimates is recognised in the same income statement line item as that in which the expense or income measured using the previous estimate had been previously recognised.

– Changes in accounting policies and correction of fundamental errors

In accordance with IAS 8, the effect of any change in accounting policies and of any correction of fundamental errors is recognised as follows: the cumulative effect at the beginning of the year is adjusted in reserves, whereas the effect on the current year is adjusted in profit or loss. Also, in these cases, the financial data for the comparative year presented together with those for the current year are restated.

No errors were corrected in the Consolidated Annual Accounts for the year ended 31 December 2022. There were also no significant changes in accounting policies.

Bases of consolidation

The bases of consolidation applied in 2022 are consistent with those applied in the Consolidated Annual Accounts for 2021 (see Note 03.24).

Currency

The euro is the currency in which the Consolidated Annual Accounts are presented. Details of sales in the main countries in which the Group operates are set out in Note 25.

02.02. Basis of consolidation

a) Balances and transactions with Group companies and associates

The significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, the gains obtained are eliminated in line with the percentage of ownership in the case of the associates and in full in the case of the fully consolidated companies.

However, in accordance with the criteria provided by IFRIC 12, balances and transactions relating to construction projects performed by companies of the Construction Division for concession operators are not eliminated on consolidation since these transactions are considered to have been carried out for third parties as the projects are being completed.

b) Standardisation of items

To uniformly present the various items comprising these Consolidated Annual Accounts, accounting standardisation criteria were applied to the separate annual accounts of the companies included in the consolidation perimeter.

In 2022 and 2021 the reporting date of the annual accounts of all the companies included in the consolidation perimeter was the same or was temporarily brought into line with that of the Parent Company.

c) Subsidiaries

"Subsidiaries" are defined as companies over which the ACS Group has the capacity to exercise control, i.e., in accordance with IFRS 10, when it has the power to direct their relevant activities, it is exposed to variable returns as a result of its involvement with the investee and is able to use this power to affect its own returns, either directly or through other companies it controls.

The annual accounts of the subsidiaries are fully consolidated with those of the Parent Company. Where necessary, adjustments are made to the annual accounts of the subsidiaries to adapt the accounting policies used to those applied by the Group and they are fully consolidated.

As at 31 December 2022, the ACS Group had an effective ownership interest of less than 50% in companies considered to be subsidiaries, because it controls the majority of the voting rights of these companies, the most representative of which have an asset volume of more than EUR 4 million: Piques y Túneles, S.A., Consorcio Embalse Chironta, S.A., Consorcio Constructor Hospital de Quellón, S.A. and Consorcio Constructor Puente Santa Elvira, S.A. (these four companies were in the same situation as at 31 December 2021). The ACS Group fully consolidates these investees as it has the power, the rights to variable returns and the ability to affect these returns through the power it exercises.

As at 31 December 2022, the main companies of the ACS Group with dividend rights of more than 50% that are not fully consolidated include: Road Management (A13) Plc. and Benisaf Water Company, Spa. (these companies were in the same situation as at 31 December 2021).

This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders and, therefore, they are accounted for using the equity method. The relevant decisions vary depending on each resolution but, in general, the other shareholder can veto any decision regarding (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO), (ii) approval of distribution of dividends or reserves not approved in the business plan, (iii) any change in the business activity, (iv) approval of the business plan and approval of the annual budget and/or final investment decision for a development project, (v) refinancing or restructuring or rebalancing agreements, (vi) changes in financial policies (hedging, leverage, guarantees, etc.), (vii) approval of the annual accounts and allocation of profit or loss, etc.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is credited to profit or loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under “Non-controlling interests” in the consolidated statement of financial position.
- The profit for the year is presented under “Profit/(loss) attributable to non-controlling interests” and “Profit/(loss) from discontinued operations attributable to non-controlling interests” in the consolidated income statement and in the consolidated statement of changes in equity of the Group.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated annual accounts details the subsidiaries and information related to them.

Section f) of this Note contains information on acquisitions, disposals, and increases and decreases in ownership interest.

d) Joint arrangements

The Group recognises in the consolidated annual accounts its assets, including its share of jointly controlled assets; its liabilities, including its share of liabilities incurred jointly with the other operators; the revenue obtained from the sale of its share of the production resulting from the joint operation, its share of the revenue obtained from the sale of the production resulting from the joint operation; and its expenses, including its share of the joint expenditure.

Within the joint arrangements in which the ACS Group operates, mention should be made of temporary joint ventures and similar entities (various types of joint ventures) abroad, which are entities through which cooperation arrangements are entered into with other venturers to carry out a project or provide a service for a limited period of time.

The assets and liabilities assigned to these types of entities are recognised in the consolidated statement of financial position, classified according to their specific nature in proportion to the Group's percentage of ownership. Similarly, income and expenses arising from these entities is recognised in the consolidated income statement on the basis of their specific nature and in proportion to the Group's ownership interest.

Notes 08 and 09 contain relevant information on material entities.

e) Associates

The companies over which the ACS Group has significant influence or joint control are accounted for using the equity method in those cases where they do not meet the requirements of IFRS 11 to be classified as joint arrangements.

Exceptionally, the following entities are not considered to be Group associates since they do not have a significant influence or are fully inoperative and irrelevant for the Group as a whole.

Investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, on each reporting date, they are measured at cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the consolidated income statement.

The profit, net of taxes, of associates is included in the Group's consolidated income statement under "Ordinary results of companies accounted for using the equity method" for all those associates and joint ventures whose activity is part of the same operational business of the Group, and under "Non-ordinary results of companies accounted for using the equity method" for those whose activity is not part of the Group's operational business (after an individual analysis has been carried out on each of them), based on their percentage of ownership. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

Any losses in associates that correspond to the Group are limited to the value of the net investment, except in those cases where legal or constructive obligations had been assumed by the Group or it has made payments on behalf of the associates. For the purpose of recognising impairment losses in associates, the net investment is considered to be the result of adding the amount corresponding to any other item that, in substance, forms part of the investment in the associates to the carrying amount resulting from having been accounted for using the equity method. Any excess losses on the investment in equity instruments is applied to the other items in reverse order to the priority in liquidation. Any profit subsequently obtained by the associates, in which the recognition of losses was limited to the value of the investment, is recognised if it exceeds the losses not previously recognised.

In addition, the Group's share of other comprehensive income of the associates obtained since the date of acquisition is recognised as an increase or decrease in the value of the investments in associates and the balancing entry is recognised by nature in other comprehensive income. Dividend distributions are recognised as reductions in the value of the investments. To determine the Group's share of profit or loss, including impairment losses recognised by associates, income or expenses arising from the acquisition method are taken into consideration.

After applying the equity method, the Group assesses whether there is objective evidence of impairment of the net investment in the associate.

The impairment loss is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount, which is understood as the higher of value in use or fair value less costs to sell or of disposal. Value in use is calculated based on the Group's interest in the present value of the estimated cash flows from ordinary activities and the amounts that could be received from the ultimate disposal of the associate. The recoverable amount of an investment in an associate is assessed in relation to each associate unless it does not constitute a cash-generating unit (CGU).

The impairment loss is not allocated to goodwill or other assets embedded in the investment in associates as a result of applying the acquisition method. In subsequent periods, impairment losses on investments are reversed in profit or loss if there is an increase in the recoverable amount. The impairment loss is recognised separately from the Group's share in the profit or loss of the associates.

Note 09 contains relevant information on material entities.

f) Business combinations and changes in the consolidation perimeter

Business combinations

The Group accounts for business combinations using the purchase method. The acquisition date is the date on which the Group takes control of the acquired business.

The consideration given in the business combination is determined on the acquisition date as the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the equity instruments issued and any contingent consideration that depends on future events or compliance with certain conditions in exchange for control of the acquired business, excluding any expenditure that does not form part of the exchange for the acquired business. The costs related to the acquisition are recognised as an expense as they are incurred.

The Group recognises the assets acquired, the liabilities assumed and any non-controlling interests at fair value on the acquisition date. The non-controlling interests in the acquired business are recognised at the amount corresponding to the ownership interest in the fair value of the net assets acquired. The liabilities assumed include contingent liabilities insofar as they represent present obligations that arise from past events and their fair value can be reliably measured.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the net amount of assets acquired and liabilities assumed is recognised as goodwill. Any deficiency, after assessing the amount of the consideration given, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, is recognised under a separate line item in the consolidated income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer will report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

Changes in the consolidation perimeter

The main changes in the consolidation perimeter of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its Subsidiaries) in the year ended 31 December 2022 are detailed in Appendix III.

Acquisitions, sales, and other corporate transactions

Acquisitions

On 23 February 2022, Hochtief, the majority shareholder of Cimic with a 78.6% interest, announced its intent to carry out an off-market takeover bid, which would be unconditional and final (unless a counter-offer is submitted by a third party), to acquire the remaining shares of Cimic for AUD 22 per share. Cimic's shareholders that accepted the offer received payment in cash within five business days of acceptance. On 6 May 2022, Cimic's shares were suspended from trading on the Australian stock exchange after Hochtief reached a 96% shareholding in the company and a squeeze-out was initiated. Therefore, in 2022 the shareholding was increased to 100% with the purchase of all Cimic shares held by third parties and their delisting from the stock exchange in 2022 (see Note 15.07).

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorised capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights. The new shares were issued with dividend rights as of 1 January 2022. ACS, Actividades de Construcción y Servicios, S.A. agreed to participate in the takeover bid in proportion to its current shareholding in Hochtief and to back the capital increase in full with respect to all remaining new shares that were not placed among other corporate and institutional investors. ACS, Actividades de Construcción y Servicios, S.A. was therefore assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase was used to repay part of the financing obtained for the acquisition of Cimic (see Note 15.07).

On 15 September 2022, an additional 14.46% interest in Hochtief, A.G. was acquired for EUR 578 million (equal to EUR 51.4 per share) and additional acquisitions were made in the fourth quarter of 2022 for EUR 26 million at an average price of EUR 52.73 per share, which increased the shareholding in Hochtief, A.G. at the end of 2022 to 68.64% of the shares representing the share capital without discounting treasury shares, and 70.94% when treasury shares are discounted.

Between August and October 2022, Iridium entered into a purchase agreement, through its North American subsidiary ACS Infrastructure Development, Inc., with four of the concession operator's partners to purchase 56.76% of the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH 288 highway in Houston, Texas. After the fulfilment of the conditions precedent on which this purchase depended, the acquisition was accounted for in December 2022. The investment in this acquisition amounted to USD 1,141 million. The Group's total interest in the project, after this acquisition, amounts to 78.38%, which means that the Group now holds the majority of the voting rights and, therefore, has control of the company, which will allow it to manage its relevant activities. This means that the company is now fully consolidated, so that having previously held a 21.62% interest in this concession for a total carrying amount of approximately EUR 70 million, and taking into consideration that the fair value of this pre-existing interest amounted to EUR 406 million, in accordance with accounting standards, this had a positive impact on the income statement as a result of the consolidation at fair value of EUR 334.8 million, which is recognised under "Impairment and gains or losses on disposal of non-current assets" in the accompanying consolidated income statement (see Note 29).

The acquired company meets all the conditions to qualify as a business under the applicable accounting standards. In accordance with the applicable regulations, after obtaining control, this company was fully consolidated at the fair value of its net assets and, in addition, the pre-existing interest was measured at fair value after the deconsolidation of the previous interest, accounted for using the equity method, with the difference recognised in the income statement.

In relation to the application of the standard on business combinations, after assessing the acquisition of control, the date on which control was obtained and whether the acquisition constitutes a business, IFRS 3 establishes that the acquirer will measure the identifiable assets and liabilities assumed at their fair value at the acquisition date. The liabilities assumed include, where applicable, contingent liabilities insofar as they represent present obligations that arise from past events and their fair value can be reliably measured.

Assets and liabilities assumed are classified and designated for subsequent measurement based on the contractual terms, economic conditions, operating and accounting policies, and other pertinent conditions at the acquisition date, with the exception of leases.

The income, expenses and cash flows of the business acquired are included in the consolidated financial statements since the acquisition date.

IFRS 3 also establishes that the acquirer will recognise goodwill at the acquisition date and measure it as the excess of (a) over (b):

a. The aggregate of:
    i. The consideration transferred at fair value,
    ii. The amount of any non-controlling interest in the acquiree measured at fair value,
    iii. The amount of the original interest held by the acquirer measured at fair value.
b. The net amount on the acquisition date of the identified assets acquired and the liabilities assumed measured at fair value.

IFRS 3 establishes that the measurement period will not exceed one year from the acquisition date. During the measurement period, the acquirer may also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities when the acquisition took place. The estimate made by the Group is therefore considered to be provisional.

The amounts of assets, liabilities and contingent liabilities, where applicable, identified at the acquisition date at fair value are as follows:

	Millions of Euros
	Blueridge Transportation Group, LLC (SH288)
	Fair value of net assets
Intangible assets	2,390
Rest of non-current assets (Restricted Cash)	121
Current Assets	24
Non-current liabilities (Project Debt/Deferred Taxes)	1,022
Current Liabilities	24
Total fair value of net assets	**1,489**
Purchase price (56.76%)	1,066
Fair value of pre-existing interest (21.62%)	406
Fair value of minority interest (21.62%)	406
Total price for goodwill calculation (100%)	**1,878**
Goodwill	**388**

The fair value of the net assets acquired was calculated based on the analysis and valuation performed by Group Management as a result of its extensive knowledge of the concession business. The main impact of the provisional purchase price allocation process consisted of assigning a higher value to the toll road concession asset, net of the tax effect, which was calculated based on the discounted cash flows of the project (the most significant assumptions of which relate mainly to the performance of the business, fees and inflation) at a market discount rate of 6.7% until the end of the concession (2068).

Goodwill arose as a result of the business combination mainly due to the tax effect resulting from the difference between the fair value of the net assets acquired and their carrying amount.

The business combination was carried out with the aim of acquiring control of a key asset in a strategic market for the Group and strengthening its presence in this market. The transaction costs, which were not significant, have been recognised under “Other operating expenses” in the income statement.

The acquired business did not generate a significant amount of revenue or profit for the Group during the period between the takeover and the end of the year, since control was obtained in December 2022. If the acquisition had taken place on 1 January 2022, the revenue contributed by the concession would have amounted to EUR 67.1 million and profit for the year ended 31 December 2022 would have amounted to EUR 14.1 million. As at 31 December 2022, the Group had yet to pay the amount of the acquisition, which was fully paid in January 2023.

A formal decision was made by the Group to sell the asset, and a plan for its sale was initiated. The asset is currently available for sale and the sale is expected to be completed within a period of 12 months from the date of its classification as a non-current asset held for sale. All of these assets and liabilities are presented in a single line item of the statement of financial position, and the consolidated profit contributed is recognised in the income statement based on its nature. The Group is currently analysing the situation and in the process of carrying out the sale and, therefore, has classified these assets and liabilities under “Non-current assets held for sale” and “Liabilities related to non-current assets held for sale” (see Note 03.09.01). The Group has assessed whether the fair value less costs to sell is lower than its carrying amounts and, therefore has not recognised any adjustment.

In April 2022, Clece Care Services Ltd. (CCS) acquired 100% of the CSN Care Group in the United Kingdom for EUR 23,863 thousand.

On 26 July 2022, Thiess announced that it had entered into a bid execution agreement with MACA Limited (“MACA”). Thiess agreed to make an offer to MACA shareholders to acquire all of the issued shares through a conditional off-market takeover bid. Thiess offered MACA shareholders a consideration in cash of AUD 1.025 per share. The takeover bid for MACA launched by Cimic was concluded in October 2022 for EUR 242 million. This acquisition is an important part of the strategy that Thiess has to diversify its operations among commodities, services and geographical areas (see Note 09.02).

In 2021 the acquisition of a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., which was recognised under “Non-current assets held for sale”, is noteworthy of mention (see Note 03.09.01).

On 24 May 2021, Cimic announced its intention to acquire the shares of the holding in Devine Limited that it did not already own through a takeover bid at a price of AUD 0.24 per share. On 9 July, Cimic increased its shareholding in Devine to 90% and exercised its right to the remaining Devine shares through mandatory acquisition. The total consideration for the purchase was AUD 15.6 million (EUR 9.9 million).

Sales and other transactions

On 19 January 2022, ACS, Actividades de Construcción y Servicios, S.A., through its subsidiary Iridium, S.L., carried out the sale agreed on 4 October 2021 to BSIP Spain HoldCo, S.L. (a company managed by Brookfield) of 80% of its shareholding in Hospital de Toledo and 100% of its shareholding in the operator of this hospital for EUR 58 million.

As at 31 December 2021, Cimic had recognised its investment in Ventia as being accounted for using the equity method, given that it exercised significant influence. In the first quarter of 2022, Cimic decided, for an initial period of 18 months until September 2023, to remove its directors appointed to the board of directors of Ventia and to waive some of its rights as a significant shareholder under the agreement with Ventia regarding the appointment of directors and other protective rights. The company’s shareholding is still 32.8% (see Notes 10 and 29).

As a result of the above, and in accordance with current accounting regulations, Cimic’s Management considered that it no longer had significant influence over Ventia, since it no longer has decision-making powers over the financial and operating policies of its investment in Ventia. In addition, the protective rights established in the agreement are rights that may be exercised by any Ventia shareholder. Ventia has therefore lost its status as associate and is now recognised as a financial asset under IFRS 9 at fair value through profit or loss based on Ventia's quoted market price at 31 March 2022 (level 1 of the hierarchy). As a result, on 31 March 2022 Cimic recognised a profit before tax (without any effect on cash flow) of EUR 338.3 million (AUD 502 million) under "Impairment and gains or losses on disposal of non-current assets" (see Note 29) in the accompanying consolidated income statement. Cimic has made an irrevocable election under IFRS 9 to recognise future changes in the value of the financial asset under "Other comprehensive income". As of the date of these Consolidated Annual Accounts, Group Management has monitored the above conditions and concluded that they have not changed and, therefore, has maintained the accounting treatment for Ventia.

In 2021, the sale of most of the Industrial business mentioned in Note 03.09.02 is noteworthy. In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José Maria de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmisora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, and all the photovoltaic plants of Bonete Fotovoltaica 1, S.L.U. and Central Solar Termoeléctrica de Cáceres, S.A.U. and Parque Eólico Las Tadeas, S.L. (see Note 29), which were considered to be assets held for sale.

Previously, on 30 June 2021, ACS, Actividades de Construcción y Servicios, S.A., through its subsidiary Vías y Construcciones, S.A., sold the shares representing the entire share capital of Continental Rail, S.A.U. to the French CMA CGM Group for a company value of EUR 19.9 million and with capital gains of EUR 14.8 million (see Note 29).

On 19 November 2021, Ventia Services Group Limited, a joint venture between Cimic and funds managed by Apollo Global Management, LLC, completed an initial public offering on the Australian Stock Exchange. As a result, 30% of Ventia's share capital was admitted to trading, of which 26% came from the issue of new shares to finance an improvement in the debt structure and 4% from the sale of shares by Ventia's main shareholders (Cimic and Apollo). Cimic therefore retained a 32.8% interest in Ventia as at 31 December 2021 and, since the ACS Group no longer jointly controlled Ventia, the investment was reclassified from a joint arrangement to an associate. The partial disposal resulted in a profit before tax of AUD 60.3 million (EUR 38.2 million).

03. Accounting policies

The principal accounting policies used in preparing the Group's Consolidated Annual Accounts, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, were as follows:

03.01. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- That attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their statements of financial position and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group. That attributable to specific intangible assets, recognising it explicitly in the consolidated statement of financial position provided the fair value at the acquisition date can be measured reliably.
- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

- Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003.

In all cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to “Impairment and gains or losses on the disposal of non-current assets” in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated statement of financial position and changes are recognised as translation differences or impairment, as appropriate.

Any deficiency of the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their statements of financial position and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.
- The remaining amounts are presented under “Other results” in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

03.02. Other intangible assets

Other intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to “Impairment and gains or losses on the disposal of non-current assets” in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 03.06).

03.02.01. Development expenditure

Development expenditure is only recognised as an intangible asset if all of the following conditions are met:

- an identifiable asset is created (such as computer software or new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Costs related to research and/or development activities are recognised as an expense as they are incurred.

The costs related to development activities have been capitalised to the extent that:

- There is a commitment from the Group to complete the production of the asset in such a way that is found in the terms of sale (or internal use);
- The asset will generate sufficient economic benefits;
- The Group has the technical and financial (or other) resources to complete the development of the asset (or to use it internally) and has developed budgetary control and analytical accounting systems to track budgeted costs, the modifications introduced and the costs actually charged to the various projects.

The cost of assets generated internally by the Group is determined according to the same principles as those established in determining the production cost of inventories. The production cost is capitalised through payment of the costs attributable to the asset in the accounts under “Capitalised expenses of in-house work on assets” in the consolidated income statement (consolidated statement of comprehensive income).

The costs incurred in carrying out activities in which the costs attributable to the research phase cannot be clearly distinguished from the costs of the intangible assets’ development phase are charged to profit or loss.

In addition, the costs incurred in carrying out activities that contribute to increasing the value of the various businesses in which the Group operates as a whole are recognised as expenses as they are incurred. Also, in general, replacements or costs incurred subsequently on intangibles assets are recognised as an expense, unless the future economic benefits expected from the assets increase.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

03.02.02. Administrative concessions

Concessions are recognised as assets when they have been acquired by the Company for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the State or from the related public agency.

Concessions are generally amortised on a straight-line basis over the term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

03.02.03. Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group’s management are recognised with a charge to “Other intangible assets” in the consolidated statement of financial position.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets are recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

03.02.04. Other intangible assets

This heading basically includes the intangible assets related to the acquired companies' construction backlog and customer base, mainly of the Hochtief Group. These intangible assets are measured at fair value on the date of their acquisition and, if material, on the basis of independent external reports. The assets are amortised over the five to ten year period in which it is estimated that profit will be contributed to the Group.

03.03. Tangible assets - Property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

The Group recognises the interest costs directly attributable to the acquisition, construction or production of qualified assets as an increase in the value of the assets. Qualified assets are those that require a substantial period of time before they can be used or be subject to disposal. To the extent that the financing has been obtained specifically for the qualified asset, the amount of interest to be capitalised is determined on the basis of the actual costs incurred during the financial year minus the revenue obtained from the temporary investments made with those funds. The financing obtained specifically for a qualified asset is considered generic financing, once all the activities necessary to prepare the asset for its intended use or sale have been substantially completed. The amount of capitalised interest for generic financing is determined by applying a weighted average interest rate to the investment in qualified assets, without exceeding the total interest costs incurred under any circumstances. All other interest costs are recognised in profit or loss in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated income statement and is basically based on the application of depreciation rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of estimated useful life
Buildings	20-60
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of tangible assets - property plant and equipment	4-12

Notwithstanding the above, the property, plant and equipment assigned to certain contracts for services that revert to the contracting agency at the end of the contract term are depreciated over the shorter of the contractual term or the useful life of the related assets.

Interest relating to the financing of non-current assets held under finance leases is charged to consolidated profit for the year using the effective interest method, on the basis of the repayment of the related borrowings. All other interest costs are recognised in profit or loss in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The future costs that the Group will have to incur in connection with the dismantling, closure and environmental restoration of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews its estimates of these future costs on an annual basis, adjusting the amount of the provision recognised based on the related studies.

Identified right of use in leases

The ACS Group manages its owned and leased assets to ensure that there is a sufficient level of resources for it to meet its current obligations. The decision to lease or buy an asset depends on numerous considerations such as financing, risk management and operational strategies after the planned end to a project.

With the application of IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

At the beginning of the lease, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset consists of the amount of the lease liability; any lease payments made on or before the commencement date, less any lease incentives received; any initial direct costs incurred; and an estimate of the dismantling or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate, unless it can reliably determine the lessor’s implicit interest rate.

Outstanding lease payments consist of fixed payments, less any lease incentives receivable; variable lease payments that depend on an index or a rate, initially measured using the index or rate applicable at the commencement date; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option that is reasonably certain to be exercised; and payments of penalties for terminating the lease, if the lease term reflects the exercise of the option to terminate the lease.

The Group measures the right-of-use assets at cost, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the lease transfers ownership of the asset to the Group by the end of the lease term or if the right-of-use asset includes the purchase option price, the depreciation criteria indicated in the section on property, plant and equipment will be applied from the commencement date of the lease to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the criteria for impairment of non-current assets set out in Note 03.06 to determine whether the right-of-use asset is impaired.

The Group measures the lease liability by increasing it to reflect the finance cost accrued, reducing it to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance fixed lease payments.

Lessees must recognise interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Future lease payments (for the purpose of calculating the initial value of the liability) do not include payments that are variable and do not depend on an index (such as the CPI or an applicable lease price index) or a rate (such as the Euribor).

However, lessees are required to remeasure the lease liability in the event of certain events (such as a change in the term or lease payments). The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. The Group recognises the variable lease payments that have not been included in the initial measurement of the liability in profit or loss for the period in which the events that triggered its payment occurred.

Variable lease payments were not material at 31 December 2022 or 2021.

The Group recognises remeasurements of the liability as an adjustment to the right-of-use asset, until it is reduced to zero and subsequently recognised in profit or loss.

The Group remeasures the lease liability by discounting the lease payments using a revised discount rate if there is a change in the lease term or a change in the expectation that the option to purchase the underlying asset will be exercised.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect changes in market rental rates following a market rent review.

The standard includes two exemptions to the recognition of lease assets and liabilities by lessees for which the expense is recognised in the income statement on an accrual basis:

– Leases of low-value assets: this refers to leases of little significance, i.e. those contracts whose underlying asset is attributed an insignificant value.
– Short-term leases: those contracts with an estimated lease term of 12 months or less.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis. The Group does not have any material operating leases as a lessor.

As a result of the application of IFRS 16, in 2019 the Group performed a detailed analysis of all the leases it entered into, not considering contracts with a lease term of less than one year and for low-value assets; the main contracts were those associated with the lease of machinery, offices and transport elements in different geographical areas of operation.

There may also be some office leases that contain extension options that can be exercised by Group one year before the non-cancellable period of the lease. The Group considers these extensions in those cases where it is reasonably certain that the extension option will be exercised.

The ACS Group chose to implement the practical expedient provided for in the Amendments to IFRS 16 Leases - Rent concessions, which entered into force on 1 June 2020 and made it easier to account for Covid-19-related rent concessions.

Lessor’s standpoint:

When the Group acts as lessor, leases are accounted for in accordance with the following criteria:

Finance leases:

The Group recognises an account receivable for the amount equivalent to the present value of the lease payments, plus the unguaranteed residual value, discounted at the interest rate implicit in the lease (net investment of the lease). Initial direct costs are included in the initial measurement of the collection rights and reduce the amount of income recognised over the lease term. Finance income is charged to the income statement using the effective interest method.

At the beginning of the lease, the Group recognises as a lease receivable the amounts receivable related to the fixed payments, less any lease incentives payable; the variable lease payments that depend on an index or a rate, measured using the index or rate applicable at that date; any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or any third party unrelated to the lessor that is financially capable of discharging the obligation; the exercise price of any purchase option, if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

As mentioned previously, sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis. The Group does not have any material operating leases as a lessor.

03.04. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures that are operated by ACS Group subsidiaries and that are financed under a project finance arrangement (limited recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantees to the participating banks with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a given amount, and on the other, generally representing a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these credit facilities or loans is supported mainly by the cash flows to be generated by the project in the future and by security interests in the project’s assets.

These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, compulsory purchases, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the related portion of other indirectly allocable costs, to the extent that they relate to the construction period.

Also included under this heading are the borrowing costs incurred before the entry into operation of the assets arising from the borrowings arranged to finance the related projects. Capitalised borrowing costs arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are expensed currently.

The residual value, useful life and depreciation method applied to the companies’ assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the non-current assets in projects are consumed.

This heading also includes the amount of the concessions to which IFRIC 12 has been applied. These mainly relate to investments in transport, energy and environmental infrastructures operated by ACS Group subsidiaries and financed under a project finance arrangement (limited recourse financing applied to projects), regardless of whether the demand risk is assumed by the group or the financial institution. In general, the loans are supported by security interests over the project cash flows.

The main features to be considered in relation to non-current assets in projects are as follows:

– The concession assets are owned by the concession grantor in most cases.

– The concession grantor controls or regulates the service offered by the concession operator and the conditions under which it must be provided.

– The assets are operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are returned to the grantor, and the concession operator has no right whatsoever over these assets.

– The concession operator receives revenue for the services provided either directly from the users or through the grantor.

In general, a distinction must be drawn between two clearly different phases: the first, in which the concession operator provides construction or upgrade services that are recognised under intangible or financial assets by reference to the stage of completion pursuant to IFRS 15 “Revenue from contracts with customers”, and a second phase in which a series of maintenance or operating services are provided for the above infrastructure, which are recognised in accordance with IFRS 15 “Revenue from contracts with customers”.

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid and to be paid in relation to the fees for the award of the concessions.

In certain mixed arrangements, the operator and the grantor may share the demand risk, although this is not common for the ACS Group.

The infrastructures of all the ACS Group’s concessions were built by Group companies and no infrastructure was built by third parties. The revenue and expenses relating to infrastructure construction or upgrade services are recognised at their gross amount (recognition of sales and associated costs), with the construction margin recognised in the Consolidated Annual Accounts.

Intangible assets

For concessions classified as intangible assets, provisions for dismantling, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is contemplated in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

Intangible assets are amortised on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity. The most important concession business in quantitative terms is the toll road activity, whose assets are depreciated or amortised on the basis of the concession traffic.

Financial assets

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services rendered. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated income statement. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognised in the consolidated income statement in accordance with IFRS 15, “Revenue from contracts with customers,” and the finance costs relating to the concession are recognised in the accompanying consolidated income statement according to their nature.

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group’s normal operating cycle, when they are held primarily for the purpose of being traded, when they are expected to be realised within twelve months after the reporting date, or when they constitute cash and cash equivalents, except in cases where they cannot be exchanged or used to settle a liability for at least twelve months after the reporting date.

Interest income on the concessions to which the accounts receivable model is applied is recognised as sales, since these are considered to be ordinary activities, forming part of the overall objective of the concession operator, and are carried on and provide income on a regular basis.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to financial assets, and the items replaced or renewed are derecognised.

The work performed by the Group on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price.

Concession operators depreciate these assets so that the carrying amount of the investment made is zero at the end of the concession.

Non-current assets in projects are depreciated on the basis of the pattern of use, which, in the case of toll roads, is generally determined by the traffic projected for each year. However, certain contracts have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the contract term.

At least at each reporting date, the companies determine whether there is any indication that an asset or group of assets that are considered financial assets is impaired so that, as indicated in Note 03.06, an impairment loss can be recognised or reversed to adjust the carrying amount of the assets to their value in use.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

The future costs that the Group will have to incur in connection with the dismantling, closure and environmental restoration of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews its estimates of these future costs on an annual basis, adjusting the amount of the provision recognised based on the related studies.

03.05. Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services, or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for its acquisition, including transaction costs. Subsequently, accumulated depreciation and, where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revaluate its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for “Property, plant and equipment”.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

Investment property is depreciated on a straight-line basis over its useful life, which is estimated to range from 25 to 50 years based on the features of each asset, less its residual value, if material.

03.06. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, and its investment properties, to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

03.07. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

03.08. Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus any directly attributable transaction costs.

On 1 January 2018, IFRS 9 “Financial Instruments” came into force, affecting the classification and measurement of financial assets, whereby the measurement method is determined on the basis of two concepts: the contractual cash flow characteristics of the financial asset and the Group’s business model for managing it. The three new categories for measuring financial assets are: amortised cost, fair value through other comprehensive income (equity) and fair value through profit or loss.

This classification depends on how an entity manages its financial instruments (equity instruments, loans, debt securities, etc.), its business model and whether or not there are contractual cash flows from specifically defined financial assets:

- If the objective of the business model is to hold a financial asset to collect contractual cash flows and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at amortised cost. The Group's financial assets relate largely to loans and debt securities and are therefore measured at amortised cost, i.e. initial cost less principal repayments plus accrued interest receivable on the basis of the effective interest rate, adjusted for any impairment losses recognised, where applicable.

  The effective interest rate is the rate that exactly matches the initial cost to the total estimated cash flows for all items over the remaining life of the investment.

  Trade receivables arising in the Group's normal business activities are recognised at their nominal value adjusted by their lifetime expected credit losses.

- If the objective of the business model is both to collect contractual cash flows and sell financial assets and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at fair value through other comprehensive income (equity). Interest, impairment and exchange differences are recognised in profit or loss as in the amortised cost model. Other changes in fair value are recognised in equity and are recycled in the consolidated income statement upon their sale.

- Beyond the above scenarios, the general rule is that any other assets are measured at fair value through profit or loss. This method is used mainly to classify equity instruments, unless they are initially classified at fair value through other comprehensive income.

  However, there are two options for irrevocable designation at initial recognition:

- An equity instrument, provided it is not held for trading purposes, may be designated for measurement at fair value through other comprehensive income (equity), although if the instrument is sold, the amounts recognised in equity may not be allocated to the consolidated income statement and only dividends are recognised in profit or loss.

- A financial asset may also be designated to be measured at fair value through profit or loss if this reduces or eliminates an accounting mismatch, known as the fair value option.

The Group reclassifies financial assets when it changes the business model for their management.

Expected loss and customer insolvencies

The change as a result of the entry into force of IFRS 9 consists of the change from incurred credit losses to expected credit losses in the presentation of impaired financial assets. The quantification of expected credit losses involves determining the probability of default at initial recognition of an asset and, subsequently, whether there has been a significant increase in credit risk on an ongoing basis in each reporting period. In making this assessment, the ACS Group considers both the quantitative and qualitative information that is reasonable and can be supported, including past experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate, obtained from reports compiled by expert economists, financial analysts, government bodies, relevant groups of experts and other similar organisations, and the consideration of various external sources of economic forecasts related to the main business operations of the ACS Group.

In particular, insofar as it is available in a reasonable form, the following information is taken into account for assessing significant changes in credit risk:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Credit ratings assigned by an external agency.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information, such as market interest rates and growth rates.

The Group opted to apply the simplified approach to the impairment of trade receivables that do not contain a significant financing component, assessing and recognising from the outset the entire expected loss. For its practical application, estimated calculations are used based on past experience and the risk of each customer, by geographical area.

As a general rule, impairment is estimated in terms of the expected losses over the next 12 months. When there is a significant deterioration in credit quality, the expected loss over the life of the asset is estimated.

Current/Non-current classification

Liabilities are classified as current when they are expected to be settled over the course of the Group's normal operating cycle, when they are held primarily for the purpose of being traded, when they must be settled within twelve months after the reporting date, or when the Group does not have an unconditional right to defer repayment of the liabilities for twelve months after the reporting date.

Derecognition of financial assets

The Group derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring, sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

Fair value hierarchies

Financial assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

03.09. Non-current assets held for sale, liabilities related to non-current assets held for sale and discontinued operations

03.09.01. Non-current assets held for sale and liabilities related to non-current assets held for sale

2022

At 31 December 2022, non-current assets held for sale related mainly to the renewable energy and water assets that the Group still held following the sale of most of the Industrial Services Division to Vinci (see Note 03.09.02) effective as of 31 December 2021, and to certain assets relating to a highway of the Concessions business.

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It should be noted that the assets, which were classified as held for sale at 31 December 2022, were held in this category for a period of more than twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one-year period as the maximum period for classifying an asset as held for sale if, during this period, circumstances arise that were previously considered unlikely, the assets were actively marketed at a price that is reasonable, they fulfil the requirements undertaken by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

In 2022 the total value of the non-current assets held for sale increased to EUR 2,090,819 thousand and the liabilities related to these assets increased to EUR 1,421,926 thousand. The change is due to the inclusion during the year of the SH 288 highway in Houston (United States) (see Note 02.02.f) and the decrease in renewable energies is mainly the result of the sale of the wind farms of Vientos del Pastorale, S.A. and Parque Eólico Kiyú, S.A. in Uruguay and the hydroelectric plant Hidromanta in Peru that belongs to Spinning Assets, S.L.U. for an amount equal to EUR 108.0 million in June 2022. In addition, the renewable energy plants of Tonopah in the United States and Manchasol 1 Central Termosolar Uno, S.L. in Spain were no longer considered to be assets held for sale because the conditions required by accounting regulations for this classification were not met.

The breakdown of the assets held for sale and liabilities related to these assets at 31 December 2022 is as follows:

	Thousands of Euros			
	31/12/2022			
	Renewable energy	Highways	Other	Total
Tangible assets - property, plant and equipment	4,270	923	1,199	6,392
Intangible assets	—	388,203	3,829	392,032
Non-current assets in projects	708,323	2,390,377	37,165	3,135,865
Financial Assets	26,393	119,827	680,451	826,671
Deferred tax assets	37,803	—	3,379	41,182
Current assets	88,248	24,227	170,858	283,333
Assets held for sale	**865,037**	**2,923,555**	**896,881**	**4,685,473**
Non-current liabilities	188,985	1,021,464	455,458	1,665,907
Current liabilities	621,700	1,090,037	101,832	1,813,569
Liabilities relating to assets held for sale	**810,685**	**2,111,501**	**557,290**	**3,479,476**
Non-controlling interests held for sale	**8,084**	**405,990**	**2,733**	**416,807**

“Other” mainly includes assets related to desalination plants, gas compression plants and wastewater treatment plants related to the Industrial business and the assets held for sale from Cimic.

The ACS Group is currently studying and analysing the various put options or is in the process of selling them at the expense of obtaining the relevant authorisations and, therefore, has classified these assets under “Non-current assets held for sale” and “Liabilities related to non-current assets held for sale”.

The amount relating to net debt included under assets held for sale and liabilities related to these assets at 31 December 2022 totalled EUR 1,593,715 thousand (EUR 1,592,943 thousand at 31 December 2021), of which EUR 678,880 thousand (EUR 1,138,362 thousand at 31 December 2021) relates to renewable energies, EUR 479,412 thousand to highways and EUR 435,423 thousand (EUR 454,581 thousand at 31 December 2021) to other assets. The total amount of this net debt includes EUR 741,236 thousand (EUR 522,255 thousand at 31 December 2021) corresponding to limited recourse project financing. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets, and cash and cash equivalents.

2021

At 31 December 2021, non-current assets held for sale related mainly to those belonging to the former Industrial business segment, which were not included in the public deed of sale for most of the Industrial Services Division signed with Vinci (see Note 03.09.02) effective as of 31 December 2021.

The breakdown of the assets held for sale and liabilities related to these assets at 31 December 2021 was as follows:

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Tangible assets - property, plant and equipment	18,742	8,461	27,203
Intangible assets	1	3,875	3,876
Non-current assets in projects	1,550,508	37,559	1,588,067
Financial Assets	20,747	524,742	545,489
Deferred tax assets	92,264	560	92,824
Other non-current assets	—	64,164	64,164
Current assets	125,417	147,614	273,031
Assets held for sale	**1,807,679**	**786,975**	**2,594,654**
Non-current liabilities	1,105,853	619,341	1,725,194
Current liabilities	250,044	82,312	332,356
Liabilities relating to assets held for sale	**1,355,897**	**701,653**	**2,057,550**
Non-controlling interests held for sale	**9,597**	**2,996**	**12,593**

“Other” included assets related to desalination plants, transmission lines, gas compression plants and wastewater treatment plants related to the Industrial business and the assets held for sale from Cimic.

Furthermore, a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V. was acquired in 2021, through which control over the company was obtained, which was then fully consolidated instead of accounted for using the equity method. Therefore, all assets and liabilities were restated at the fair value of the purchase and income was recognised under “Impairment and gains or losses on the disposal of non-current assets” in the income statement (see Note 29). In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José María de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmisora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, and all the photovoltaic plants of Bonete Fotovoltaica 1, S.L.U. and Central Solar Termoeléctrica de Cáceres, S.A.U. and Parque Eólico Las Tadeas, S.L.

The income and expenses recognised under “Valuation adjustments” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 31 December 2022 and 2021, are as follows:

	Thousands of Euros			
	31/12/2022			
	Renewable energy	Highways	Other	Total
Exchanges differences	894	—	21,651	22,545
Cash flow hedges	3,453	—	—	3,453
Adjustments for changes in value	**4,347**	**—**	**21,651**	**25,998**

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Exchanges differences	2,481	(18,004)	(15,523)
Cash flow hedges	(1,828)	—	(1,828)
Adjustments for changes in value	**653**	**(18,004)**	**(17,351)**

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

03.09.02. Discontinued operations

BICC

The ACS Group had an indirect interest of 45% through Cimic in BIC Contracting LLC (BICC), a company based in Dubai (United Arab Emirates), which had a carrying amount of zero at 31 December 2021 and was recognised as a non-current asset held for sale.

On 15 February 2021, Cimic announced that it had signed a share purchase agreement with a third party outside the Group, SALD Investment LLC (“SALD”), for the sale of Cimic’s investment in the Middle East. Under the terms of the sale agreement, SALD, a private investment firm based in the UAE, purchased Cimic’s 45% investment in BICC for a nominal consideration of AED 1 (less than EUR 1). The sale agreement covered all of Cimic’s investments in the Middle East, making SALD the owner of all entities comprising the BICC Group in the UAE, Qatar, Oman and Saudi Arabia. In addition, the sale agreement covered Leighton Services UAE Co LLC (“LSUAE”), a Middle Eastern entity that was not part of the BICC Group.

Pursuant to the sale agreement, SALD was granted powers that allowed it to govern BICC during the transitional period, while the equity interests of each of the BICC entities were formally transferred to SALD. Using these powers, SALD appointed its own representatives to BICC’s board of directors, replacing Cimic’s representatives. As a result of the agreements entered into for the sale transaction, BICC was no longer fully consolidated in the consolidated financial statements as of 2021, as all risks and rewards were transferred to the buyer and, from the date on which the agreement was signed, it therefore no longer had the power to direct the relevant activities of the company or the capacity or exposure to variable returns.

The transaction involved several steps, including the transfer of control of the businesses and the subsequent formal transfer of shares of the BICC Group companies to SALD. During the year ended 31

December 2021, the equity interests in five BICC subsidiaries were formally transferred to SALD, including the interests in the two operating companies in Qatar.

The ACS Group assessed the situation and concluded that the requirements of IFRS 5 had been met at the end of 2021 to consider this shareholding as a non-current asset held for sale. Also, since BICC represented a specific geographical area of operations for the ACS Group (with no other permanent establishments in this area) and was a component that represents a specific geographical area of operations with significant figures, the ACS Group has considered BICC's operations to be a discontinued operation since 2020.

On 9 July 2022, Cimic also formally transferred to SALD the equity interests in the entity that held Cimic's 45% investment in the head of the BICC Group. In addition, on 13 October 2022, the equity interests in LSUAE were formally transferred to SALD. A registered non-controlling interest in an entity controlled by the BICC Group had yet to be transferred to SALD as of 31 December 2022. This transfer was completed on 1 February 2023. All decision-making power and dividend rights related to this entity were already held by BICC, and ultimately by SALD, before the transaction was completed. Cimic has assigned all rights to its investments in the Middle East to SALD. The share transfers are final. Therefore, the Group's 45% non-controlling interest in BICC was sold and is no longer classified as an asset held for sale as of 31 December 2022.

Pursuant to the terms of the sale agreement, Cimic agreed to provide BICC with a certain amount of funding as long as BICC and SALD fulfilled certain obligations and agreed to release Cimic from certain guarantee obligations that had been retained. A provision was recognised for all amounts, including those related to the retained guarantee obligations, and Cimic has not increased its financial exposure to the Middle East since the sale was agreed. A total of AUD 38.9 million in 2022 (equal to EUR 25.6 million) (AUD 84.5 million (EUR 53.5 million) in 2021) were paid in relation to the sale agreement. These amounts were covered by the provisions recognised in the year ended 31 December 2019. The remaining liability at 31 December 2022 in connection with the sale agreement amounted to AUD 33.7 million (EUR 21.5 million).

The profit after tax from discontinued operations was zero euros in 2022 (zero euros in 2021), as the risks associated with the investment had already been recognised in previous years.

Industrial

On 31 March 2021, the ACS Group and Vinci signed a binding agreement for the sale of most of the ACS Group's Industrial business. The scope of the transaction included, in addition to the engineering and construction activities, investments in eight concessions, or PPPs, mainly for energy projects and the development platform for new projects in the renewable energy sector. ACS will retain certain concessions, whereby the carve-out process was carried out before the execution of the sale.

As is customary in these types of transactions, its execution included a condition precedent indicating that all the necessary authorisations had to be obtained, particularly with regard to competition. Likewise, as a result of signing the sale and purchase agreement, in addition to establishing the price of the transaction and the form of payment of the consideration, the range of companies to be included in the scope of the sale was concluded, and an assessment was carried out regarding any pending authorisations, which concluded that it was highly probable that these authorisations would be obtained, and they were classified as non-substantive conditions for accounting purposes, which is why the Group began to classify the assets and liabilities related to the Industrial business as non-current assets held for sale and liabilities related to non-current assets held for sale and its operations as discontinued operations.

In accordance with IFRS 5, considering that the "carrying amount would be recovered principally through a sale transaction rather than through continuing use" since, upon signing the binding agreement, there was a commitment for both parties once an agreement was reached on the most relevant aspects, such as financial terms, and it was not a mere non-binding offer as was the case up until the agreement was signed, which is why the assets and liabilities related to most of the Industrial business were classified as non-current assets held for sale and liabilities related to non-current assets held for sale before the effective sale. Given the size of the Industrial business being sold, which basically represented all of ACS' operations and cash flows in this business that could be separated from the rest of the Group's operations, the decision was made to recognise the Industrial business being sold to Vinci as a discontinued operation as at 31

December 2021 under “Profit after tax from discontinued operations” in the ACS Group’s income statement for 2021.

Finally, the ACS Group and the Vinci Group signed, effective as of 31 December 2021, the public deed of sale for most of the ACS Group’s Industrial business, with the carve-out process yet to be concluded for certain predetermined assets that the ACS Group will retain, which was mostly carried out in 2022, mainly in the months after the transaction is concluded.

As consideration, the ACS Group received EUR 4,902 million in cash (see Note 14). In addition, as a result of the maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial business sold (up to “Ready to build” status) between 31 March 2021 and up to 7 years following the execution of the sale, which may be extended for an additional 18 months if the Industrial business sold fails to generate 6 GW in the first 42 months, when determining the capital gain, the ACS Group considered an earn-out with a fair value that amounted to EUR 223 million at 31 December 2021 and is recognised under “Non-current financial assets” in the consolidated statement of financial position as it is considered to mature in more than twelve months. At 31 December 2022, after updating the valuation carried out by the ACS Group based on the best information available, the fair value of the earn-out was EUR 329 million (see Note 10.08). In accordance with IFRS 5.35, the impacts related to the disposal of discontinued operations in a prior period will be classified separately in the information on these discontinued operations, which is why the change in value was recognised under “Profit after tax from discontinued operations”.

In addition, taking into account that the portion of the Industrial business sold generated most of the tax benefits of the Spanish Tax Group, the ACS Group, in accordance with IAS 12, derecognised certain unused tax assets and tax credits for accounting purposes (see Note 26) and, therefore, obtained a net gain of EUR 2,909 million in 2021 from the above impacts.

Finally, both parties reached an agreement regarding the specific terms for the creation and operation of a joint venture to which they will contribute all the renewable assets developed by the Industrial business — once they are completed, connected to the grid and ready to produce — subject to the agreement at least eight and a half years after the execution of the sale. Vinci has 51% of the voting and dividend rights and ACS has the remaining 49%.

Upon completion of the sale and purchase transaction at year-end 31 December 2021, there were no assets or liabilities related to this discontinued operation.

03.10. Equity

An equity instrument represents a residual interest in the net assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Parent are recognised in equity at the proceeds received, net of direct issue costs.

03.10.01. Share capital

Ordinary shares are classified as capital. There are no other types of shares.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount of equity.

03.10.02. Treasury shares

The transactions involving treasury shares in 2022 and 2021 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position as at 31 December 2022 and 2021.

When the Group acquires or sells treasury shares the amount paid or received for the treasury shares is recognised directly recognised in equity. No loss or gain from the purchase, sale, issue or retirement of the Group's own equity instruments is recognised in the consolidated income statement for the year.

The shares of the Parent Company are measured at average acquisition cost.

03.10.03. Share options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are considered as to be equity-settled share-based payment transactions. Accordingly, they are measured at fair value at the grant date and are expensed over the length of the vesting period with a credit to equity, based on the periods of irrevocability of the options.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 28.03).

In addition, the Hochtief Group has granted options on Hochtief, A.G. shares to management members.

03.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment for its Services business. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies, and they are recognised when there is reasonable assurance that the conditions associated with their award have been met and that they will be received.

Government grants received by the Group to acquire assets are recorded to income over the same period and on the same basis as those used to depreciate the asset relating to this grant.

Government grants to compensate costs are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

03.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities, which are measured at amortised cost.

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

The financial risk management policies of the ACS Group are detailed in Note 21.

03.12.01. Debentures, loans and debt securities

Interest-bearing bank loans and overdrafts are recognised at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Exchanges of debt instruments between the Group and the counterparty or substantial changes in the liabilities initially recognised are accounted for as an extinguishment of the original liability and the recognition of a new financial liability, provided the instruments have substantially different terms. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. Therefore, the Group considers only fees paid or received by the lender, including fees paid or received by the Group or the lender on behalf of the counterparty.

Where an exchange is recognised as an extinguishment of the original financial liability, the costs or fees are recognised in the consolidated income statement. Otherwise, the modified flows are discounted at the original effective interest rate, and any difference from the previous carrying amount is recognised in profit or loss. Similarly, the costs or fees incurred adjust the carrying amount of the financial liability and are amortised using the amortised cost method over the remaining term of the modified financial liability.

Debentures and other marketable securities, loans and credit facilities are subsequently measured at amortised cost.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the end of the reporting period.

03.12.02. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

The heading of trade payables also includes the balances payable to suppliers through reverse factoring agreements with financial institutions, and the payments related to these agreements are also classified as trade flows since these transactions do not include either specific guarantees provided as pledges on the payments to be made or any changes that alter the commercial nature of the transactions.

03.12.03. Current/Non-current classification

In the accompanying consolidated statement of financial position debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

"Project finance with limited recourse" is classified based on the same criteria, and the detail is shown in Note 18.

03.12.04. Retirement benefit obligations

a. Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans.

For defined contributions, the contributions made are recognised as expenditure under "Personnel expenses" in the consolidated income statement as they accrue.

ACS, Actividades de Construcción y Servicios, S.A. includes in defined benefit plans for Spanish companies those financed through the payment of insurance premiums in which there is a legal or constructive obligation to pay the employees the promised benefits when they become claimable. This obligation is fulfilled through the insurance company.

ACS, Actividades de Construcción y Servicios, S.A. is required, under specific conditions, to make monthly payments to a group of employees to supplement the mandatory public social security system benefits for retirement, permanent disability, death of spouse or death of parent.

As regards defined benefit plans, actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognised on an accrual basis, classifying the normal cost for the current employees over their working lives under "Personnel expenses" and recognising the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognised at the beginning of each year (see Note 20).

The post-employment benefit obligations include, among others, those arising from certain companies of the Hochtief Group, for which the Group has recognised the related liabilities and whose recognition criteria are explained in Note 03.13.

b. Other employee benefit obligations

The expense relating to termination benefits is recognised in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognised in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05. Termination benefits

Under current law, Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no employee redundancy plans making it necessary to record a provision in this connection.

03.13. Provisions

The Group's Consolidated Annual Accounts include all the material provisions with respect to which it is considered that it is more probable than not that the obligation will have to be settled. Contingent liabilities are not recognised in the Consolidated Annual Accounts, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2022 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the annual accounts for the years in which they are settled.

Provisions for employee termination benefit costs

Pursuant to current law, a provision is recognised to meet the cost of termination of temporary employees with a contract for project work.

Provisions for pensions and similar obligations

In the case of foreign companies whose post-employment benefit obligations are not externalised, the provisions for pensions and similar obligations most notably include those recognised by various Hochtief Group companies, as explained below.

Provisions for pensions and similar obligations are recognised for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. Turner's obligations to meet healthcare costs for retired employees are likewise included in the provisions for pensions due to their pension-like nature.

Provisions for pensions and similar obligations are calculated using the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The calculation is based on actuarial appraisals using biometric accounting principles. As defined in IAS 19, plan assets are shown separately as deductions from the pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements and qualifying insurance policies in the form of pension liability insurance. If the fair value of the plan assets is greater than the present value of the employee benefits, the difference is reported—subject to the limit in IAS 19—under "Non-current assets".

Amounts arising from the assessments of the defined benefit plans are recognised directly in the consolidated income statement during the period in which they arise. The current cost for the year is recognised under personnel expenses. The effect of interest on the increase in pension obligations, reduced by expected returns on plan assets (each calculated using the discount factor method for pension obligations), is reported in net investment and finance income.

Provisions for project completion

This corresponds to the estimated costs for site clearance and other expenses that may be incurred from completion of the project until its final settlement, which are accrued over the execution period on the basis of production volumes and are recognised under "Current provisions" on the liability side of the consolidated statements of financial position.

Decommissioning of tangible assets

The Group is obliged to decommission certain facilities at the end of their useful life at their location. The corresponding provisions have been made for this purpose and the present value of the cost of carrying out these tasks has been estimated, recognising an asset as a balancing entry.

Other provisions

Other provisions include mainly provisions for warranty costs.

03.14. Risk management policy

The ACS Group is exposed to certain risks that it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to ensure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

The ACS Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

03.15. Financial derivatives

The ACS Group's activities are exposed to financial risks, mainly involving changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognised at fair value on the date on which the derivative contract is signed and are subsequently measured at fair value at each reporting date. Subsequent changes in fair value are recognised depending on whether the derivative has been designated as a hedging instrument and, if it has, on the nature of the item being hedged.

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks associated with balances and transactions. Hedges are accounted for as follows:

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument determined to be effective are recognised provisionally in equity and are recorded to income when the hedged item materialises.
- Fair value hedges: in this case, the changes in Fair value hedges: in this case, the changes in value of the hedging instrument are recognised in profit or loss, and the changes in value of the hedged item adjusted by the hedged risk are recognised in profit or loss.
- Hedge of a net investment in a foreign operation: the purpose of this type of hedging transactions is to hedge foreign currency risk and they are accounted for as hedges and recognised in the same way as cash flow hedges.

In accordance with IFRS 9 "Financial instruments," an efficiency test must be carried out, consisting of a assessment of the financial derivative to determine if it can be considered a hedging instrument and, therefore, effective.

The requirements that should be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- It must meet the effectiveness requirements, i.e., there is an economic relationship between the hedged item and the hedging instrument so that both generally move in directions opposite to the hedged risk. Likewise, credit risk should not have a dominant effect on changes in value of the hedged items and the hedge ratio should be equivalent to the percentage of exposure to the risk hedged.

According to the qualitative effectiveness test, hedging will be considered effective as long as it meets these criteria. If this were not the case, the hedge would cease to be treated as such, the hedging relationship would be discontinued and the derivative would be accounted for at fair value through profit or loss.

Once the effectiveness of the instruments has been assessed, a quantitative analysis will be used to determine how they will be recognised. This quantitative analysis consists of a retrospective part, purely for accounting purposes, and a prospective part with the objective of analysing possible future deviations in the hedging relationship.

For the retrospective assessment, the analysis is adapted to the type of hedge and the nature of the instruments used:

- In cash flow hedges, as regards interest rate swaps (IRS) in which the Group receives a floating rate equal to that of the hedged financing and pays a fixed rate, since the objective is to reduce the variability of financing costs, the effectiveness is estimated using a test that determines whether changes in the fair value of the IRS cash flows offset the changes in the fair value of the hedged risk.

For accounting purposes, we follow the hypothetical derivative method typically used in the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower, in absolute amounts, of the change in the value of the hypothetical derivative (hedged position) and the change in the value of the derivative arranged. The difference between the value of the change recognised in equity and the fair value of the derivative at the date on which the effectiveness test is being prepared will be considered the ineffective portion and will be recognised directly in the income statement.

For cash flow hedges in which the hedging derivative instrument is not an IRS but an option or a forward, we must differentiate between the designated portion and the non-designated portion:

- The treatment of the designated portion will be similar to that detailed for the IRS.
- For the non-designated portion (forward points or temporary value of the options), the change in its fair value will be recognised in other comprehensive income to the extent that it relates to the hedged item and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to profit or loss for the period as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss for the period (for example, when a forecast sale occurs).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

The measurement is carried out through methods and techniques determined using observable market inputs, such as:

- The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When the derivatives include caps and floors or combinations of them, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although to introduce the component of randomness in the exercise of the options, the generally accepted Black-Scholes model was used.
- In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

Equity swaps are measured as the result of the difference between the quoted price at year end and the strike price initially agreed upon, multiplied by the number of contracts reflected in the swap.

Derivatives where the underlying asset is quoted on an organised market and that are not qualified as hedges are measured using the Black-Scholes model and applying market parameters such as implicit volatility and estimated dividends.

For those derivatives where the underlying asset is quoted on an organised market, but in which the derivative forms part of a financing agreement and where its arrangement substitutes the underlying asset, the measurement is based on the calculation of its intrinsic value at the calculation date.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and provided the host contracts are not measured at fair value by recognising changes in fair value in the consolidated statement of comprehensive income.

The fair value includes the measurement of the credit risk of the counterparty in the case of the assets, or of the ACS Group in the case of liabilities, in accordance with the IFRS 13. Therefore, when a derivative presents unrealised gains, this amount is adjusted downward according to the risk of the banking counterparty due to make payment to a Group company, whereas when there are unrealised losses, this amount is reduced on the basis of own credit risk, as it will be the Group company that will be required to pay the counterparty.

The assessment of own and counterparty risk takes into account the existence of contractual guarantees (collateral), which can be used to offset a credit loss in the event of suspension of payments.

For derivatives with unrealised losses, the own credit risk applied to adjust the market price is that of each individual company or project assessed and not the Group or sub-group to which they belong. To do so, an internal rating is prepared for each company/project using objective parameters such as financial ratios, indicators, etc.

For derivatives with unrealised gains, since accounting standards do not provide a specific methodology that should be applied, an accepted “best practice” method has been used, which takes three elements into account to calculate the adjustment to obtain the result by multiplying the level of exposure in the position by the probability of default and by any loss in the event of non-compliance.

In addition, a sensitivity test is carried out on the derivatives and net financial debt to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group’s accounts, under the assumption of an increase and a decrease in the rates at year end in different variation scenarios (see Note 21). The procedure is similar in the case of changes in exchange rates.

Meanwhile, any gains or losses on fair value for credit risk of derivatives are recognised in the consolidated income statement when the derivatives are qualified as speculative (non-hedging); if the derivatives are classified as hedging instruments and recognised directly in equity, then the gains or losses on fair value are also recognised in equity.

Financial instruments measured after their initial recognition at fair value are classified into levels 1 to 3 based on the degree to which fair value is observable (see Note 21).

Note 22 to these accompanying Consolidated Annual Accounts details the financial derivatives that the ACS Group has arranged, among other related aspects.

Interbank Interest Rate Reform

The Group maintains various hedging relationships with hedging instruments and hedged items where the interest rate benchmark is the Euribor. This interest rate benchmark is subject to reform and, therefore, certain long-term hedging relationships may be affected by the reform.

For this purpose, certain accounting policies applicable to hedging transactions are subject to a temporary exception as a result of the interbank interest rate reform.

The Group considers that a hedging relationship is directly affected by the reform only if the reform gives rise to uncertainties regarding:

- The interest rate benchmark designated as a hedged risk (contractually or non-contractually specified); and/or
- The timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

The exceptions apply only to the requirements set out below while the remaining accounting requirements must be applied to the affected hedging relationships.

When determining whether a transaction is highly probable, the Group must assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

When determining whether future cash flows are expected to occur, the Group must assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

The Group must assume that the interest rate benchmark on which the hedged cash flows and/or hedged risk are based or the interest rate benchmark on which the cash flows from the hedging instrument are based is not altered as a result of the reform.

The Group assessed the potential impact that the interbank interest rate reform will have on the financial statements, and concluded that there will be no significant impact.

03.16. Revenue recognition

Revenue and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Pursuant to IFRS 15, the Group identifies and separates the various commitments to transfer a good or service under a contract. This implies recognising separately the revenue from each of the obligations that could be individually identified within the same host contract.

The Group also estimates the price of each of the contracts that have been identified taking into account, in addition to the initial price agreed in the contract, the amount of the variable consideration and the time value of money (where a significant financing component is considered) and non-cash considerations.

In those cases where the amount is variable or in line with claims not approved, the amount is estimated using the approach that best predicts the amount to which the Group will be entitled, using either a probability-based expected value or the single most probable amount. This consideration will only be recognised to the extent that it is considered highly probable that a significant reversal of recognised revenue will not occur when the associated uncertainty is resolved.

Following is a detail of certain of the particular features of the business activities carried on by the Group:

Revenue from construction activities:

Revenue:

Due to the nature of the activity, its revenue usually comes from long-term contracts where the start date and end date of the contract's activity are generally in different accounting periods, therefore the initial estimates of income and expenses may be subject to variations that could affect the recognition of revenue, expenses and profit or loss.

The Group recognises the revenue from construction contracts in accordance with the percentage of completion method, whereby the percentage of completion is estimated either by reference to the stage of completion of the contract activity at the balance sheet date, determined based on an examination of the work performed, or on the basis of the percentage of costs incurred compared to the total estimated costs. In the first case, based on the measurement of the units completed, the work performed is recognised in each period as revenue and the costs are recognised on an accrual basis corresponding to the units completed. In the second case, revenue is recognised in the income statement based on the stage of completion measured in terms of costs incurred (the costs incurred versus the total estimated costs in the contract), applied to the total project revenue that is considered highly likely to be obtained from the project. The latter is common in markets with an Anglo-Saxon influence and contracts without unit prices.

In some circumstances (for example, in the early stages of a contract), the Group may not be able to reasonably measure the outcome with a performance obligation, even if the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognises revenue from ordinary activities only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Also, in contracts where the estimated costs of a contract are considered to exceed the revenue from the contract, a provision is recognised for the expected losses with a charge to the consolidated income statement for the year in which they arise.

Contract revenue is recognised considering the initial amount of the contract agreed with the customer, and modifications and claims on the contract to the extent that it is highly probable that income will be obtained from the contract, which can be reliably measured and does not imply a significant reversal in the future.

A contract modification is considered to exist when there is an instruction from the customer to change the scope of the contract. A claim is considered to exist on contracts when costs not included in the initial contract are incurred by the customer or third parties (delays, errors in specifications or design, etc.) and the contractor has the right to be compensated for the overruns incurred either by the customer or by the third party from whom the overruns originated.

These modifications and claims are included as revenue from the contract when the customer has approved the related work, either in writing, by verbal agreement or implied by customary business practices, i.e. when payment is considered highly probable and there will be no significant reversal of revenue in the future.

In cases where the works are approved but not yet priced or where, although customer approval has not yet been obtained, the Group considers that final approval is highly likely due to negotiations having reached an advanced stage or as a result of internal technical and/or legal reports or reports from independent experts that support it, the amount to be recognised as revenue is estimated in accordance with the definition of "variable consideration" set out in IFRS 15, i.e. using those methods that better predict the amount of the consideration so that the most likely amount is obtained (a single most likely amount in a range of possible consideration amounts), taking into account all available information (historical, current and forecast) that is reasonably available and only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

As mentioned previously, construction contracts are subject to estimates of revenue and costs that need to be reviewed by project managers as the projects progress. Any modification of the estimates of revenue, expenses and the final profit or loss of the work is subject to revision by the various levels of upper management and when they are verified and approved, the effect is treated as a change in the accounting estimate in the year in which it occurs and in subsequent periods, in accordance with the accounting regulations in force.

Expenses:

Project costs include those directly related to the host contract and any modifications or claims associated with the contract. They also include those costs related to the procurement activity of each contract, such as insurance, consultants, design and technical assistance, etc.

These costs are recognised on an accrual basis, with the costs related to the completed units of work and the total indirect costs of the contract attributable to them being recognised as an expense.

Those expenses related to future contract activity, such as insurance premiums, work facilities, consultants, design and other preliminary work, are initially recognised as assets under “Inventories” — provided they are considered necessary for the performance of the contract and that they will be recovered with performance of the contract —, and are recorded in the income statement in accordance with the percentage of completion of the contract.

Machinery removal and site installation dismantling costs, upkeep costs within the guarantee period and the costs, if any, arising in the period from the completion of the construction work to the date of final settlement are accrued over the life of the construction project, as they take into account more of the cost of the work and relate to both the completed units of work and the future activity of the contract.

As regards the depreciation of tangible assets involved in performance of the contract, those assets with an estimated useful life that coincides with the contractual term are depreciated throughout performance of the contract so that they are fully depreciated upon completion. For machinery with a useful life that exceeds the contractual term, the depreciation charge is distributed on the basis of technical criteria among the different contracts to which it will be assigned and it is depreciated on a straight-line basis over the course of each contract.

Late-payment interest resulting from a delay in the payment of progress billings by the customer is recognised as finance income only when it can be reliably measured and its collection is reasonably assured.

The Group companies recognise the positive difference between the contract revenue recognised and the amount related to the progress billings from this contract under “Completed work pending certification” under “Trade and other receivables”. They also recognise the amount of advance billings for various items, including advances received from the customer, under “Advances received on orders” under “Trade and other payables”.

03.16.01. Construction Activities

In construction contracts, as a general rule a single performance obligation is identified due to the high degree of integration and customisation of the different goods and services to offer a joint product, which is transferred to the customer over time.

As indicated above, the method chosen by the ACS Group as the preferred method is the “measured unit of work” based on the output method, which is applied provided the progress of the work carried out can be measured during execution and there is an allocation of prices to each unit of work.

The input method known as “stage of completion measured in terms of costs incurred” can only be applied in those contracts where it is not possible to determine the unit price of the units to be completed.

In this case, revenue is recognised in the income statement based on the stage of completion measured in terms of costs incurred (costs incurred versus total estimated costs in the contract), applied to the total project revenue that is considered highly likely to be obtained from the project.

03.16.02. Services and other activities

In this case there is no single type of contract due to the wide variety of services provided. In general, contracts include various tasks and unit prices where revenue is are recognised in the income statement when services are provided on a time elapsed basis, i.e., when the customer simultaneously receives and consumes the benefits provided by the performance of the service as it occurs. This is the case, for example, for recurring or routine services such as facilities management, cleaning, etc.

Certain contracts include different types of activities that are subject to fixed unit price tables for the provision of the services that are delivered and that form part of the complete contract. The customer requests each service through work orders that are considered an independent performance obligation and the associated revenue is recognised depending on the specific requirements established in the contract for approval.

For complex long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), where payment is made periodically and the price corresponding to these obligations is indicated in the contract or can be determined, revenue is recognised for the recurring services using the time elapsed method and the stage of completion method for more complex performance obligations where it is not possible to assign prices to each of the units completed.

03.17. Expense recognition

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

03.18. Offsetting

Asset and liability balances must be offset and the net amount is presented in the consolidated statement of financial position when, and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Group companies intend to settle them on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity. The ACS Group offsets deferred tax assets and deferred tax liabilities if, and only if, the entity:

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

03.19. Income Tax

The income tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised when it is probable that the consolidated companies will have sufficient taxable profits in the future against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at the end of each reporting period to ascertain whether they still exist and the appropriate adjustments are made based on the findings of the analyses performed. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity.

The Spanish companies more than 75% owned by the Parent Company file consolidated tax returns, as part of Tax Group 30/99, in accordance with current law.

Tax uncertainties

If the Group determines that the tax authority is not likely to accept an uncertain tax treatment or a group of uncertain tax treatments, it considers this uncertainty in the determination of taxable profit (tax loss), tax bases, tax loss carryforwards, tax credits or tax rates. The Group determines the effect of the uncertainty on the corporate income tax return using the expected value method when the range of possible outcomes is highly dispersed, or the most likely amount method when the outcome is binary or concentrated on one value. In cases where the tax asset or liability calculated using these methods exceeds the amount reported in the self-assessments, this amount is recognised as current or non-current in the consolidated statement of financial position based on the expected date of recovery or settlement, whereas the amount of any late payment interest on the liability is recognised in the income statement as it accrues. The Group recognises changes in facts and circumstances regarding tax uncertainties as a change in estimates.

03.20. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent Company held by the Group companies (see Note 31.01).

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent Company. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

The ACS share option plan currently in force (see Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 31 December 2022, as a result of the simultaneous share capital increase and reduction decided in 2023 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2022 are the same.

03.21. Foreign currency transactions

The euro is the presentation currency of the Group's Consolidated Annual Accounts. Therefore, transactions in currencies other than the euro are considered to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group by applying the exchange rates prevailing at the date of the transaction.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The exchange rates of the main currencies in which the ACS Group operates in 2022 and 2021 are as follows:

	Average exchange rate		Closing exchange rate	
	2022	2021	2022	2021
1 U.S. Dollar (USD)	0.952	0.846	0.938	0.883
1 Australian Dollar (AUD)	0.660	0.634	0.637	0.640
1 Polish Zloty (PLN)	0.213	0.219	0.213	0.218
1 Mexican Peso (MXN)	0.047	0.042	0.048	0.043
1 Canadian Dollar (CAD)	0.729	0.677	0.691	0.696
1 British Pound (GBP)	1.170	1.165	1.131	1.190
1 Argentine Peso (ARS)	0.007	0.009	0.005	0.009
1 Saudi Riyal (SAR)	0.253	0.226	0.249	0.234

All exchange rates are in euros.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidated income statement for the year, except for those arising on items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any translation differences arising are classified as equity. These translation differences are recognised as income or as expenses in the period in which the investment is made or disposed of.

Goodwill and fair value adjustments arising on the acquisition of a company with a currency other than the euro are treated as assets and liabilities of that company and are translated at the closing rate.

03.22. Entities and branches located in hyperinflationary economies

In 2022 and 2021, the Group considered the relevant impact when taking into account the hyperinflationary economic situation in Argentina and Venezuela, as regards its ownership interests in its subsidiaries, the impact of which was immaterial for the ACS Group.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRS. Accordingly, at the 2022 and 2021 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

03.23. Consolidated statement of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

– Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

– Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

– Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

– Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

In view of the diversity of its businesses and activities, the Group opted to report cash flows using the indirect method.

In preparing the consolidated statement of cash flows, cash and cash equivalents were considered to be cash on hand, demand deposits at banks and short-term, highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value.

The breakdown of “Other adjustments to profit (net)” in the consolidated statement of cash flows for 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Financial income	(178,369)	(102,555)
Financial costs	484,152	362,517
Ordinary results of companies accounted for using the equity method	(380,918)	(272,745)
Non-ordinary results of companies accounted for using the equity method	(4,554)	(680)
Impairment and gains or losses on disposal of financial instruments	(7,345)	(14,267)
Changes in the fair value of financial instruments	(219,220)	91,821
Cash Flows from discontinued operations	—	431,131
Impairment and gains or losses on the disposal of non-current assets and other items	62,455	450,810
Total	**(243,799)**	**946,032**

The breakdown of “Interest received” in the consolidated statement of cash flows for 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Operative interest received	150,964	93,201
Interest received from bank accounts	15,914	10,832
Other non-operative	3,069	4,943
Total	**169,947**	**108,976**

In preparing the consolidated statement of cash flows for 2022 and 2021, the acquisitions of ACS treasury shares were included under “Equity instrument proceeds/(and payment)” in the section on cash flows from financing activities (see Note 15.04). In addition, in 2022 “Cash flows from/(used in) financing activities” included the cash inflows from third parties as a result of the 10% capital increase of Hochtief through a monetary contribution in the amount of EUR 60.9 million (see Note 15.07), the acquisition of an additional 14.46% shareholding in Hochtief, A.G. amounting to EUR 578 million in the third quarter of 2022, and purchases in the fourth quarter of 2022 of Hochtief shares in the amount of EUR 26 million (see Note 15.07). Cash outflows as a result of the takeover bid to acquire the remaining shares of Cimic for AUD 22 per share were also included under “Cash flows from/(used in) financing activities” at 31 December 2022. In 2022, the shareholding was therefore increased through Hochtief’s takeover bid for Cimic from 78.6% to 100% for AUD 1,500 million, which at the exchange rate prevailing at that date of each share acquired amounted to EUR 985 million (EUR 940 million considering the average hedging rate) (see Note 20.01).

In relation to the investee BIC Contracting LLC (BICC), EUR 25.6 million were included in 2022 (EUR 53.6 million in 2021) as cash outflows under “Other financing activity proceeds and payables” in the statement of cash flows as a result of the obligations assumed in 2019 following the exit of BICC (see Note 03.09.02). This same heading in the statement of cash flows includes the payments made in 2022 by Hochtief in the amount of EUR 238 million for the settlement of the CCPP project in Australia (see Note 29.a) and the final payment for the Chilean Alto Maipo project, and payments for legal costs and financial expenses arising from the litigation relating to the closure of the Seattle project in the amount of EUR 40 million (see Note 29.c).

In 2021 not only the amount received but also the cash derecognised as a result of the sale amounting to EUR 1,298,901 thousand were considered as a divestment as a result of the sale of most of the Industrial Services Division. This also included the purchase of Devine (see Note 01.08), which was not held, for an amount of EUR 9.9 million (AUD 15.6 million).

In relation to cash flows, in accordance with IFRS 16.50, cash payments for the interest portion of the lease liability are still classified as financing activities by applying the same alternative as permitted by IAS 7.33 Statement of Cash Flows in force for financial interest.

The reconciliation of the carrying amount of the liabilities arising from financing activities, separately disclosing the changes that generate cash flows from those that do not for 2022 and 2021, is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Initial net cash (debt) (Note 21)	**2,008,640**	**(1,819,771)**
Cash flows		
Issue of financial assets / (liabilities)	(3,703,193)	(4,634,213)
Payments of financial liabilities	4,080,176	4,362,179
Cash and cash equivalents	(1,992,535)	2,829,832
No Impact of Flows		
Change in net debt held for sale (Note 01.04)	772	329,515
Exchange difference	119,335	256,020
Reclassifications	(506,339)	131,288
Change in the consolidation perimeter and others	217,149	553,790
Final net cash (debt) (Note 21)	**224,005**	**2,008,640**

The amount corresponding to reclassifications at 31 December 2022 mainly includes the reclassification of the net debt arising from the full consolidation of the SH 288 highway to non-current assets held for sale and liabilities related to non-current assets held for sale (see Notes 02.02.f and 03.09.01). The changes in the consolidation perimeter and other changes at the end of 2022 mainly include the change in net debt resulting from the sale of the non-current assets held for sale of the Industrial business. The changes in the consolidation perimeter at the end of 2021 related mainly to the acquisition of Servicios Compresión de Gas CA-KU-A1, which was considered an asset held for sale at 31 December 2021 (see Note 02.02.f).

03.24 Entry into force of new accounting standards

Changes in accounting policies

The following mandatory standards and interpretations, already adopted in the European Union, came into force in 2022 and, where applicable, were used by the Group in these preparation of the Consolidated Annual Accounts:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning 1 January 2022:

Approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IFRS 3 Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to bring the definitions of assets and liabilities in a business combination into line with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recognition of contingent liabilities and assets.	1 January 2022
Amendments to IAS 16 Proceeds before intended use (published in May 2020)	The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Proceeds from selling such items, together with production costs, must be recognised in profit or loss.	
Amendments to IAS 37 Onerous contracts - Cost of fulfilling a contract (published in May 2020)	The amendment specifies that the direct cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	
Improvements to IFRSs, 2018-2020 cycle (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	

In relation to previous standards, the ACS Group applied the standards in 2022 but they did not have a significant impact on the figures or the presentation and disclosure of the information, either because they did not entail any significant changes or because they refer to economic events that do not affect the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 1 January 2022 (applicable from 2023 onwards):

At the date of preparation of these Consolidated Annual Accounts, the following standards and interpretations had been published by the IASB (International Accounting Standards Board) but had not yet come into force, either because their effective date is subsequent to the date of the Consolidated Annual Accounts or because they had not yet been adopted by the European Union:

Approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IAS 1 Disclosure of accounting policies (published in February 2021)	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 Definition of accounting estimate (published in February 2021)	Amendments and clarifications on the definition of a change in accounting estimates.	
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction (published in May 2021)	Clarifications on how companies should account for deferred tax on transactions such as leases and decommissioning obligations.	
Amendments to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9 Comparative information (published in December 2021)	Amendments to the transition requirements of IFRS 17 for insurers applying both IFRS 17 and IFRS 9 for the first time.	
IFRS 17, Insurance contracts and its amendments (published in May 2017 and the amendments in June 2020)	It replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts to ensure that entities provide relevant and reliable information that gives a basis for users of the financial information to assess the effect that insurance contracts have on the financial statements	

Not yet approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IAS 1 Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current.	1 January 2024
Amendments to IFRS 16 Lease liability in a sale and leaseback transaction	This amendment clarifies how companies subsequently account for lease liabilities arising on sale and leaseback transactions.	

The directors do not expect any significant impact from the introduction of these amendments that have been published but have not come into force, as they are prospective applications, changes in presentation and disclosure and/or deal with aspects that are not applicable or not significant to the Group’s operations.

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2022 and 2021 is as follows:

Line of Business	Thousands of Euros							
	Balance at 31/12/2021	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2022**
Parent	**554,420**	—	—	—	—	—	—	**554,420**
Construction	**1,968,878**	—	12,516	—	—	(7,990)	18,508	**1,991,912**
Concessions	**—**	—	388,203	—	—	(785)	(387,418)	**—**
Services	**148,955**	—	23,969	—	—	(3,269)	210	**169,865**
Total	**2,672,253**	**—**	**424,688**	**—**	**—**	**(12,044)**	**(368,700)**	**2,716,197**

Line of Business	Thousands of Euros							
	Balance at 31/12/2020	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2021**
Parent	**743,140**	—	—	(188,720)	—	—	—	**554,420**
Construction	**1,934,814**	—	7,728	5	—	13,978	12,353	**1,968,878**
Concessions	**44,181**	—	102	(43,835)	—	(448)	—	**—**
Services	**140,918**	—	5,850	—	—	2,187	—	**148,955**
Total	**2,863,053**	**—**	**13,680**	**(232,550)**	**—**	**15,717**	**12,353**	**2,672,253**

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G., amounting to EUR 1,144,226 thousand at 31 December 2022 (EUR 1,144,226 thousand at 31 December 2021), and the result of the merger of the Parent Company with Grupo Dragados, S.A., which amounted to EUR 554,420 thousand at 31 December 2022 (EUR 554,420 thousand at 31 December 2021).

There were no significant changes in 2022, except for the acquisition and subsequent transfer of the goodwill relating to the SH-288 highway explained in Note 02.02.f).

In 2021, the most significant change related to the reduction of goodwill held in the Parent Company tied to the Industrial Services business sold on 31 December 2021 for EUR 188,720 thousand in accordance with the agreement with Vinci (see Note 03.09.02), and the goodwill of the Industrial Services Division itself, which was derecognised as a result of the sale and amounted to EUR 44,181 thousand at 31 December 2020.

As regards goodwill, as a general rule on 30 September each year, the ACS Group compares the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method. The amounts were restated on 30 September in accordance with its accounting policy. There have been no significant changes in the assumptions used when testing the Group’s goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future. It should be noted that the market value of the holding in Hochtief is higher than its carrying amount.

As regards the goodwill generated by the purchase of Hochtief, A.G. in 2011, in accordance with IAS 36.80, this goodwill was allocated to the main cash-generating units, namely Hochtief Asia Pacific and Hochtief Americas. The goodwill allocated to the business carried out by Hochtief Asia Pacific amounts to EUR 857 million (EUR 857 million at 31 December 2021), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at 31 December 2021). In 2022 and 2021, the ACS Group assessed the recoverability of this goodwill.

In preparing the impairment test of Hochtief's goodwill allocated to the business carried out by Hochtief Asia Pacific, the ACS Group used the following basic assumptions:

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 2.53% (1.86% in 2021).
- Weighted discount rate of 11.99% (8.31% in 2021). The discount rate used represents a premium of 791 basis points over the return on the long-term interest rate (10-year bond weighted based on the countries in which it operates) published by Bloomberg on 30 September 2022.

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test would withstand a discount rate of approximately 15.51%, representing a range of approximately 352 basis points, and a perpetual growth rate of 0.34%. Furthermore, it would withstand an annual drop in cash flows of approximately 37.9% compared to projected cash flows.

In the case of the Hochtief Americas business, the following basic assumptions were made:

- Five-year forecasts used based on internal estimates.
- Perpetual growth rate of 2.3% (1.5% in 2021).
- Discount rate of 9.52% (5.48% in 2021).

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Americas business, the most relevant aspects are that the goodwill test, even assuming a cash position of zero euros, would withstand a discount rate of more than 50%, and an annual drop in cash flows of more than 80% compared to the projected cash flows.

It should also be noted that the share price of Hochtief, A.G. at 31 December 2022 (EUR 52.68 per share) was higher than its consolidated carrying amount.

Along with the goodwill arising from the full consolidation of Hochtief, A.G. mentioned above, the most significant goodwill, which amounted to EUR 554,420 thousand (EUR 554,420 thousand at 31 December 2021), arose from the merger with the Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was allocated mainly to the Construction cash-generating unit of Dragados.

In 2022, the ACS Group assessed the recoverability of the goodwill allocated to Construction, comparing the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method and internal projections for each of the companies. In 2021, the recoverability of the Construction goodwill was also assessed.

The discount rate used is its weighted average cost of capital. To calculate the discount rate for Dragados, a weighted discount rate by country is used taking into consideration Dragados' sales in the main countries in which it operates as of September 2022, i.e., the United States, Spain, Canada, Poland, the United Kingdom, Peru and Chile. The following are used to calculate the discount rate for each of the countries: the 10-year bond yield; the unlevered beta of the sector according to Damodaran, relevered by the target debt; and the market risk premium by country according to Damodaran. The cost of the gross debt is the consolidated effective real cost of the debt at September 2022 and the tax rate used is the theoretical rate. The perpetual growth rate (g) used is equal to the increase in the CPI weighted in the countries in which Dragados operates for 2027 based on the IMF's report of October 2022 (1.95%).

The key assumptions used in the valuation of the Dragados Construction cash-generating unit are as follows:

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 1.95% (1.43% in 2021).
- Weighted discount rate of 10.12% (5.63% in 2021).

The main variables considered in this test did not differ significantly from those considered in the impairment test of the previous year.

After testing the impairment of the cash-generating unit to which the goodwill arising from the merger with the Dragados Group in 2003 has been allocated, it has been determined, based on the above assumptions, that under no circumstances is the estimated recoverable amount of the cash-generating unit less than its carrying amount, as there is no evidence of its impairment.

No reasonable scenario gave rise for the need to recognise an impairment loss. The impairment tests for the Construction cash-generating unit showed that it would withstand substantial increases in the discount rates of over 460 basis points and significant negative deviations (over 1.4%) in the budgeted EBITDA without incurring an impairment loss.

Accordingly, the directors consider that the sensitivity ranges of the tests as regards the key assumptions are within a reasonable range and, therefore, no impairment was detected in 2022 or 2021.

In relation to the remaining goodwill, excluding that generated by the merger between ACS and the Dragados Group and the goodwill arising from the full consolidation of Hochtief, A.G., in the case of the Services area, the total amount comes to EUR 169,865 thousand (EUR 148,955 thousand at 31 December 2021), corresponding to 30 different companies, the largest of which relates to the purchase of 25% of Clece for EUR 115,902 thousand (EUR 115,902 thousand at 31 December 2021).

In the Construction area, it also includes the goodwill from the acquisitions of Pulice for EUR 64,828 thousand (EUR 61,050 thousand at 31 December 2021), Schiavone for EUR 55,982 thousand (EUR 52,719 thousand at 31 December 2021) and John P Picone for EUR 57,441 thousand (EUR 54,093 thousand at 31 December 2021), and the goodwill from the Hochtief Group following the takeover.

In these areas, the impairment tests to calculate the goodwill are based on assumptions similar to those described for each area of activity or in the case of the Dragados Group goodwill, taking into account the necessary adjustments based on the peculiarities, geographical markets and specific circumstances of the companies concerned.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of each item of goodwill recognised at 31 December 2022.

As indicated in IAS 36, as of 31 December 2022 the Group has not found any evidence of significant impairment on goodwill and other assets subject to impairment testing. There have been no significant changes in the assumptions used when testing the Group’s goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future. It should be noted that the market value of the holding in Hochtief is higher than its carrying amount.

No impairment losses were recognised in 2022 or 2021 on the ACS Group’s goodwill.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2022 and 2021 were as follows:

	Thousands of Euros							
	Development	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January of 2021	**14,051**	**44,111**	**318,947**	**1,961,223**	**2,338,332**	**(1,483,547)**	**(58,659)**	**796,126**
Changes in the consolidation perimeter	—	(356)	2,270	4,116	**6,030**	(3,877)	—	**2,153**
Additions or charges for the year	2,824	858	6,125	1,365	**11,172**	(68,888)	(5,623)	**(63,339)**
Disposals or reductions	—	(491)	(5,463)	(5,653)	**(11,607)**	10,148	—	**(1,459)**
Exchange differences	—	306	6,864	12,719	**19,889**	(10,739)	(3,981)	**5,169**
Transfers to assets held for sale and disposable groups of items	(9,040)	(25,007)	(15,551)	(141,923)	**(191,521)**	67,948	1,496	**(122,077)**
Transfers to/from other assets	69	452	3,614	(13,056)	**(8,921)**	(10,344)	9,851	**(9,414)**
Balance at 31 December of 2021	**7,904**	**19,873**	**316,806**	**1,818,791**	**2,163,374**	**(1,499,299)**	**(56,916)**	**607,159**
Changes in the consolidation perimeter	—	974	9,143	8,847	**18,964**	(1,592)	(308)	**17,064**
Additions or charges for the year	2,010	934	9,584	1,224	**13,752**	(78,437)	(572)	**(65,257)**
Disposals or reductions	—	(2,090)	(10,419)	(11,673)	**(24,182)**	23,604	302	**(276)**
Exchange differences	—	160	1,532	7,506	**9,198**	(4,958)	(4,441)	**(201)**
Transfers to/from other assets	—	677	1,395	(14,397)	**(12,325)**	(4,833)	26,371	**9,213**
Balance at 31 December of 2022	**9,914**	**20,528**	**328,041**	**1,810,298**	**2,168,781**	**(1,565,515)**	**(35,564)**	**567,702**

The additions in 2022 amounted to EUR 13,752 thousand (EUR 11,172 thousand in 2021) relating mainly to Hochtief in the amount of EUR 11,653 thousand (EUR 8,949 thousand in 2021), the Services area in the amount of EUR 1,177 thousand (EUR 1,612 thousand in 2021), and Dragados in the amount of EUR 732 thousand (EUR 482 thousand in 2021). In 2021, the Industrial business was transferred to non-current assets held for sale as a result of being classified as a discontinued operation (see Note 03.09.02) before the actual sale.

In 2022, impairment losses in the amount of EUR 572 thousand (EUR 5,623 thousand in 2021) were recognised on the items classified as “Other intangible assets” and impairment losses amounting to EUR 302 thousand were reversed in the consolidated income statement (no impairment losses were reversed or recognised in the consolidated income statement for 2021).

The main assets recognised under “Other intangible assets” correspond to those generated in the first Hochtief consolidation process as a result of allocating the price to the fair value of the assets acquired and the liabilities assumed under the PPA (“Purchase Price Allocation”). This process most notably includes Hochtief’s construction backlog (mainly due to contracts in the Americas and Asia Pacific), before amortisation and impairment, amounting to EUR 603,655 thousand (EUR 603,655 thousand at 31 December 2021), which is fully amortised; the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at 31 December 2021); and the contractual relationships with customer of the Hochtief Group amounting to EUR 598,189 thousand (EUR 598,189 thousand at 31 December 2021). The accumulated amortisation on the above assets amounted to EUR 1,078,499 thousand (EUR 1,037,505 thousand at 31 December 2021). The amortisation charge for the year amounted to EUR 41,937 thousand (EUR 41,937 thousand at 31 December 2021).

In 2022 and 2021, no development expenditure was recognised as an expense in the consolidated income statement for 2022 and 2021, respectively.

At 31 December 2022, the amount of assets with an indefinite useful life other than those reported as “Goodwill” relate mainly to the trademarks of the Hochtief Americas and Hochtief Asia Pacific divisions amounting to EUR 46,027 thousand (EUR 43,315 thousand at 31 December 2021). Indications of possible impairment is verified annually. There were no significant impairment losses on these assets in 2022 or 2021.

At the end of 2022, the ACS Group had fully amortised intangible assets still in use with a gross carrying amount of EUR 628,880 thousand (EUR 625,686 thousand at 31 December 2021).

There were no material intangible asset items whose title was restricted in 2022 or 2021.

05. Tangible assets - Property, plant and equipment

The changes in this heading in the consolidated statement of financial position in 2022 and 2021 were as follows:

	Thousands of Euros							
	Land and buildings	Plant and machinery	Other tangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 1 January of 2021	**1,412,068**	**1,711,721**	**955,030**	**162,306**	**4,241,125**	**(2,441,074)**	**(35,974)**	**1,764,077**
Changes in the consolidation perimeter	139	(27,938)	(27,902)	(108)	**(55,809)**	26,379	—	**(29,430)**
Additions or charges for the year	114,315	138,000	60,903	21,512	**334,730**	(395,660)	(358)	**(61,288)**
Disposals or reductions	(150,474)	(238,881)	(95,752)	(383)	**(485,490)**	449,320	61	**(36,109)**
Exchange differences	24,629	56,636	22,440	7,939	**111,644**	(60,025)	(1,710)	**49,909**
Transfers to assets held for sale and disposable groups of items	(235,531)	(208,626)	(294,308)	(25,353)	**(763,818)**	522,992	15,003	**(225,823)**
Transfers from / to other assets	10,700	35,908	2,854	(33,408)	**16,054**	(12,522)	—	**3,532**
Balance at 31 December of 2021	**1,175,846**	**1,466,820**	**623,265**	**132,505**	**3,398,436**	**(1,910,590)**	**(22,978)**	**1,464,868**
Changes in the consolidation perimeter	18,958	(8,771)	1,821	—	**12,008**	(3,171)	(2)	**8,835**
Additions or charges for the year	232,627	199,328	76,089	65,219	**573,263**	(438,856)	(349)	**134,058**
Disposals or reductions	(52,883)	(209,863)	(55,500)	(337)	**(318,583)**	287,169	527	**(30,887)**
Exchange differences	6,934	25,719	11,812	6,284	**50,749**	(25,683)	(1,311)	**23,755**
Transfers from / to other assets	(26,330)	58,474	15,554	(58,653)	**(10,955)**	(17,494)	—	**(28,449)**
Balance at 31 December of 2022	**1,355,152**	**1,531,707**	**673,041**	**145,018**	**3,704,918**	**(2,108,625)**	**(24,113)**	**1,572,180**

In 2022 and 2021, items of property, plant and equipment were acquired for EUR 573,263 thousand and EUR 334,730 thousand, respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

The most noteworthy change in this heading in 2021 related to the transfer to non-current assets held for sale since the Industrial business was considered a discontinued operation, which subsequently resulted in a derecognition after the sale to Vinci (see Note 03.09.02).

In 2022, the most noteworthy acquisitions by division relate mainly to the Construction area for EUR 470,845 thousand — primarily in investments made by Hochtief amounting to EUR 395,677 thousand (in particular, tunnelling machines) and by Dragados amounting to EUR 75,168 thousand —, and to the Services area for EUR 92,956 thousand, mainly for the acquisition of machinery and industrial vehicles.

In 2021, the most noteworthy acquisitions by division related mainly to the Construction area for EUR 276,425 thousand — primarily in investments made by Hochtief amounting to EUR 190,721 thousand (in particular, tunnelling machines) and by Dragados amounting to EUR 85,704 thousand —, and to the Services area for EUR 54,726 thousand, mainly for the acquisition of machinery and industrial vehicles.

Similarly, assets were also sold in 2022 and 2021 for a total carrying amount of EUR 30,887 thousand and EUR 36,110 thousand, respectively, which had a residual effect on the Group's income statement. The most significant disposals in 2022 relate mainly to the sale of machinery at Hochtief for EUR 20,867 thousand (EUR 20,404 thousand in 2021) and in the Services area for EUR 3,447 thousand (EUR 13,394 thousand in 2021).

At 31 December 2022, the Group had contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 92,094 thousand (EUR 27,652 thousand at 31 December 2021), corresponding mainly to commitments to invest in machinery for Dragados amounting to EUR 20,422 thousand (EUR 7,023 thousand at 31 December 2021) and in technical installations for Hochtief amounting to EUR 71,570 thousand (EUR 20,544 thousand at 31 December 2021).

The impairment losses recognised in the consolidated income statement for 2022 amounted to EUR 349 thousand (EUR 358 thousand in 2021). The impairment losses reversed and recognised in the consolidated income statement for 2022 amounted to EUR 371 thousand for Hochtief (EUR 694 thousand in 2021).

Leases

In accordance with IFRS 16 "Leases", at 31 December 2022 EUR 604,626 thousand (EUR 470,896 thousand at 31 December 2021) in net right-of-use assets were recognised under "Property, plant and equipment" in the consolidated statement of financial position. The detail of the right-of-use assets at 31 December 2022 and 2021 is as follows:

	Thousands of Euros						
	Land and buildings	Plant and machinery	Other tangible assets	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 31 December of 2021	**985,742**	**151,317**	**194,871**	**1,331,930**	**(758,915)**	**(130)**	**572,885**
Changes in the consolidation perimeter	822	(25,349)	156	**(24,371)**	7,416	—	**(16,955)**
Additions or charges for the year	111,399	32,819	31,370	**175,588**	(174,718)	(173)	**697**
Disposals or reductions	(152,465)	(35,805)	(37,054)	**(225,324)**	209,546	—	**(15,778)**
Exchange differences	22,035	8,767	5,633	**36,435**	(19,554)	(3)	**16,878**
Transfers to assets held for sale and disposable groups of items	(117,935)	(9,389)	(45,042)	**(172,366)**	86,495	—	**(85,871)**
Transfers from / to other assets	(1,851)	(202)	(685)	**(2,738)**	1,778	—	**(960)**
Balance at 31 December of 2021	**847,747**	**122,158**	**149,249**	**1,119,154**	**(647,952)**	**(306)**	**470,896**
Changes in the consolidation perimeter	16,822	(4,799)	(264)	**11,759**	(3,786)	—	**7,973**
Additions or charges for the year	230,937	45,935	43,792	**320,664**	(182,769)	(329)	**137,566**
Disposals or reductions	(42,209)	(38,783)	(23,506)	**(104,498)**	99,242	247	**(5,009)**
Exchange differences	8,529	5,608	2,056	**16,193**	(8,591)	(2)	**7,600**
Transfers from / to other assets	(12,745)	—	12,984	**239**	(14,639)	—	**(14,400)**
Balance at 31 December of 2022	**1,049,081**	**130,119**	**184,311**	**1,363,511**	**(758,495)**	**(390)**	**604,626**

The change in "Right-of-use assets" in 2022 for a gross amount of EUR 320,664 thousand relates mainly to additions in the Construction area amounting to EUR 251,509 thousand (EUR 129,737 thousand in 2021), and most notably includes the investments made by Hochtief amounting to EUR 219,947 thousand (EUR 115,007 thousand in 2021). In relation to the net change in the consolidation perimeter in 2022, the additions amounting to EUR 7,973 thousand arose mainly from the Industrial business.

In 2021, the change in “Right-of-use assets” related mainly to the transfer to non-current assets held for sale, given that these assets were considered discontinued operations, and their subsequent derecognition after the sale to Vinci for a net amount of EUR 85,871 thousand (see Note 03.09.02).

The depreciation and amortisation relating to the right to use the assets recognised in accordance with IFRS 16 “Leases” in 2022 amounted to EUR 183,037 thousand (EUR 175,457 thousand in 2021) and the interest recognised arising from the lease obligation amounted to EUR 23,926 thousand in 2022 (EUR 22,168 thousand in 2021) included in the consolidated income statement.

“Non-current lease liabilities” and “Current lease liabilities” associated with these “Right-of-use assets” at 31 December 2022 amounted to EUR 550,746 and EUR 155,055 thousand, respectively (EUR 401,430 and EUR 150,765 thousand at 31 December 2021, respectively).

The detail of the lease liabilities, by maturity, at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Lease liabilities	**155,055**	341,414	40,136	32,154	137,042	**550,746**

The detail of the lease liabilities, by maturity, at 31 December 2021 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Lease liabilities	**150,765**	254,468	33,878	24,539	88,545	**401,430**

Variable lease payments were not material at 31 December 2022 or 2021.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis.

There are assets leased under short-term leases or leases of low-value assets that do not apply IFRS 16 “Leases” since throughout the Group there are very short-term leases, generally for three to six months, or ongoing monthly agreements or contracts with termination clauses. For each lease, the Group analyses and assesses whether it is reasonably certain that the lease will be extended. These considerations include assessing the requirements of the asset in the project, the scope of the work that is to be carried out with this asset, and other relevant economic aspects to adequately assess the lease term. At 31 December 2022, the expenses accrued in the amount of EUR 442,781 thousand (EUR 228,394 thousand at 31 December 2021) on the above assets were recognised under “Other operating expenses” in the consolidated income statement.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The indemnities received for claims covered by insurance policies recognised in profit or loss were not significant in 2022 or 2021.

At 31 December 2022 and 2021, no significant items of property, plant and equipment were subject to restrictions.

The ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 36,635 thousand (EUR 23,938 thousand in 2021) to secure banking facilities granted to the Group.

At 31 December 2022, the Group had recognised EUR 1,197,791 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,133,908 thousand at 31 December 2021).

06. Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 31 December 2022 includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power plants, the operation of which constitutes the purpose of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed under a project finance arrangement and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to group its infrastructure projects together for presentation purposes, although they are broken down by type of asset (financial or intangible) in this Note.

The most significant change in this heading in 2022 would have corresponded to the inclusion of the SH 288 highway in Houston (United States) since it was considered a non-current asset held for sale (see Note 03.09.01). In 2022, the change in the solar thermal power plants associated with the renewable energy plants of Tonopah in the United States and Manchasol 1 Central Termosolar Uno, S.L. is also noteworthy of mention (see Note 03.09.01).

The most significant change in this heading in 2021 related to the consideration of the Industrial business as a discontinued operation and the subsequent reclassification of its non-current assets in projects and their subsequent derecognition following the sale to Vinci (see Note 03.09.02).

All project investments made by the ACS Group at 31 December 2022 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,930	(127,822)	**54,108**
Water management	2034 - 2039	27,312	(5,290)	**22,022**
Photovoltaic Plants	2035 - 2040	721,087	(517,061)	**204,026**
Other infrastructures	—	1,934	(344)	**1,590**
Total		**932,263**	**(650,517)**	**281,746**

The changes in this heading in 2022 and 2021 were as follows:

	Thousands of Euros					
	2022			2021		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**188,052**	**(115,199)**	**72,853**	**607,657**	**(201,506)**	**406,151**
Changes in the consolidation perimeter	2,933,189	(22,816)	**2,910,373**	—	—	**—**
Additions or charges for the year	1,199	(152,167)	**(150,968)**	2,410	(12,725)	**(10,315)**
Exchange differences	379	(15)	**364**	(774)	(18)	**(792)**
Disposals or reductions	—	1	**1**	(12,965)	—	**(12,965)**
Transfers to assets held for sale and disposable groups of items	—	—	**—**	(99,630)	3,093	**(96,537)**
Transfers	(2,190,556)	(360,321)	**(2,550,877)**	(308,646)	95,957	**(212,689)**
Ending balance	**932,263**	**(650,517)**	**281,746**	**188,052**	**(115,199)**	**72,853**

The breakdown of this heading by type, in accordance with IFRIC 12, is as follows:

– The concession assets identified as intangible assets, as a result of the Group assuming demand risk at 31 December 2022, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,889	(127,782)	**54,107**
Other infrastructures	-	1,932	(344)	**1,588**
Total		**183,821**	**(128,126)**	**55,695**

	Thousands of Euros					
	2022			2021		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**183,692**	**(115,160)**	**68,532**	**189,742**	**(104,424)**	**85,318**
Changes in the consolidation perimeter	2,933,189	(22,816)	**2,910,373**	—	—	**—**
Additions or charges for the year	16	(13,171)	**(13,155)**	—	(12,719)	**(12,719)**
Exchange differences	113	(15)	**98**	140	(18)	**122**
Transfers to assets held for sale and disposable groups of items	—	—	**—**	(6,190)	2,001	**(4,189)**
Transfers	(2,933,189)	23,036	**(2,910,153)**	—	—	**—**
Ending balance	**183,821**	**(128,126)**	**55,695**	**183,692**	**(115,160)**	**68,532**

– No concession assets were identified as financial assets as a result of the Group not assuming demand risk at 31 December 2022. The changes in 2022 and 2021 in the concession assets identified as financial assets are as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**4,317**	**15,786**
Investment	57	—
Finance income	1,791	2,410
Collections	(665)	—
Disposals or reductions	—	(12,965)
Exchange differences	266	(914)
Transfers from/to other assets	(5,766)	—
Ending balance	**—**	**4,317**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 1,791 thousand in 2022 (EUR 2,410 thousand in 2021), with no amounts in 2022 and 2021 corresponding to concession assets identified as financial assets classified as "Non-current assets held for sale and discontinued operations".

The borrowing costs accrued in relation to the financing for the concessions classified under the financial asset model were immaterial in 2022 and 2021.

– The detail of the financial assets financed under a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 as at 31 December 2022 and the changes in this heading in 2022 and 2021 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	41	(40)	**1**
Water management	2034 - 2039	27,312	(5,290)	**22,022**
Photovoltaic Plants	2035 - 2040	721,087	(517,061)	**204,026**
Other infrastructures	-	2	—	**2**
Total		**748,442**	**(522,391)**	**226,051**

	Thousands of Euros					
	2022			2021		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**43**	**(39)**	**4**	**402,129**	**(97,082)**	**305,047**
Additions or charges for the year	—	(138,996)	**(138,996)**	—	(6)	**(6)**
Disposals or reductions	—	1	**1**	—	—	**—**
Transfers to assets held for sale and disposable groups of items	—	—	**—**	(93,440)	1,092	**(92,348)**
Transfers	748,399	(383,357)	**365,042**	(308,646)	95,957	**(212,689)**
Ending balance	**748,442**	**(522,391)**	**226,051**	**43**	**(39)**	**4**

Simultaneously, there are concession assets that are not financed under a project finance arrangement amounting to EUR 5,466 thousand (EUR 5,672 thousand at 31 December 2021) that are recognised as “Other intangible assets”.

No significant investments in projects were made in 2022 or 2021.

The impairment losses recognised in the consolidated income statement in 2022 amounting to EUR 50,309 thousand mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC (see Note 29). No impairment losses were recognised in the consolidated income statement in 2021 under this heading of the consolidated statement of financial position. Similarly, no significant impairment losses were reversed or recognised in the consolidated income statement for 2022 or 2021.

At 31 December 2022 and 2021, the Group had no significant contractual commitments for the acquisition of non-current assets in projects.

The financing relating to non-current assets in projects is explained in Note 18. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under “Other current financial assets”.

Lastly, it should be noted that the Group has non-current assets in projects classified under “Non-current assets held for sale” (see Note 03.09).

07. Investment property

The changes in this heading in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**41,003**	**42,298**
Additions	6,698	—
Sales / decreases	(113)	—
Charges for the year	(1,600)	(1,563)
Transfers from / to other assets	23,094	1,789
Transfers to assets held for sale and disposable groups of items	—	(1,521)
Exchange difference	(521)	—
Ending balance	**68,561**	**41,003**

The rental income earned from investment property amounted to EUR 7,463 thousand in 2022 (EUR 6,962 thousand in 2021). The average occupancy level of these assets was 53% (44% in 2021) with an average leased area of 168,767 square metres (52,424 square metres in 2021).

The direct operating expenses arising from investment properties included under “Other operating expenses” amounted to EUR 967 thousand in 2022 (EUR 1,732 thousand in 2021).

There were no significant contractual obligations for the acquisition, construction or development of investment property or for repairs, maintenance and improvements.

At the beginning of 2022, the gross carrying amount was EUR 57,191 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 16,188 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 86,834 thousand and EUR 18,273 thousand, respectively. There were no material differences with respect to fair value in the accompanying Consolidated Annual Accounts.

08. Joint arrangements

The main aggregates included in the accompanying Consolidated Annual Accounts relating to unincorporated joint ventures and economic interest groupings for 2022 and 2021, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2022	2021
Net asset	2,505,827	1,879,153
Pre-tax profit or loss	(92,439)	(133,342)
Income tax expense (-) / income (+)	23,613	33,622
Post-tax profit or loss	(68,826)	(99,720)
Other comprehensive income	8,500	(809)
Total comprehensive income	(60,326)	(100,529)

The identification data relating to the main ACS Group unincorporated joint ventures are detailed in Appendix II.

09. Investments in companies accounted for using the equity method

09.01. Companies accounted for using the equity method

The breakdown, by type of entity, of the companies accounted for using the equity method as at 31 December 2022 and 2021, is as follows:

	Thousands of Euros	
	2022	2021
Associates	3,217,808	3,081,312
Jointly controlled entities	1,610,281	1,442,917
Total	**4,828,089**	**4,524,229**

The changes in this heading in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**4,524,229**	**4,479,551**
Additions	159,885	247,708
Disposals	(19,627)	(92,107)
Change in consolidation method	3,292	1,653
Profit for the year	370,012	254,555
Changes in the equity of associates		
Exchange differences/other	93,349	92,161
Cash flow hedges	390,063	91,754
Financial assets held for sale	1,139	(9,314)
Transfer to non-current assets held for sale/discontinued operations	5,254	1,119
Distribution of dividends	(613,138)	(454,031)
Others	(86,369)	(88,820)
Ending balance	**4,828,089**	**4,524,229**

"Ordinary results of companies accounted for using the equity method" and "Non-ordinary results of companies accounted for using the equity method" in the consolidated income statement for 2022 also include the profit or loss of companies accounted for using the equity method and that have been classified under "Non-current assets held for sale and discontinued operations", which amounts to EUR 15,460 thousand (EUR 18,870 thousand in 2021).

The detail, by division, of the investments in companies accounted for using the equity method at 31 December 2022 and 2021 is as follows:

Line of Business	Thousands of Euros					
	31/12/2022			31/12/2021 (*)		
	Share of net assets	Profit/(Loss) for the year	Total carrying amount	Share of net assets	Profit / (Loss) for the year	Total carrying amount
Construction	1,384,276	168,888	**1,553,164**	1,316,204	87,113	**1,403,317**
Concessions	3,073,514	201,001	**3,274,515**	2,952,169	168,640	**3,120,809**
Services	103	5	**108**	103	—	**103**
Corporation, other and adjustments	184	118	**302**	1,198	(1,198)	**—**
Total	**4,458,077**	**370,012**	**4,828,089**	**4,269,674**	**254,555**	**4,524,229**

(*) Restated.

– Construction

At 31 December 2022, the Construction area most notably included the investments from the Hochtief Group accounted for using the equity method in the amount of EUR 1,545,232 thousand (EUR 1,398,485 thousand at 31 December 2021). In this last case, it should be noted that Thiess is accounted for as a joint venture using the equity method for EUR 812 million (EUR 796 million at 31 December 2021).

In addition, the changes in investments accounted for using the equity method in 2022 most notably include Cimic's interest in Ventia, which as of 31 March 2022 is recognised as a non-current financial asset instead of being accounted for using the equity method (see Notes 02.02.f and 10.01). Despite the above, the carrying amount of the investments accounted for using the equity method in the Construction division increased due to the improvement in results of these entities, mainly in Hochtief.

– Concessions

At 31 December 2022, the Concessions area most notably included the interest in Abertis amounting to EUR 2,971,045 thousand (EUR 2,782,886 thousand at 31 December 2021), relating to both the 20.0% shareholding held by Hochtief and the 30.0% shareholding held directly by ACS itself. The net contribution by Abertis to the ACS Group's consolidated profit in 2022 amounted to a profit of EUR 142,974 thousand (a profit of EUR 117,229 thousand in 2021).

09.02. Material associates / Joint arrangements

Material associates and joint ventures

In accordance with IFRS 12, the associates and joint ventures that are considered to be material at 31 December 2022 and 2021 are Abertis Holdco, S.A. and its Subsidiaries and Thiess Joint Venture, respectively.

Abertis

The ACS Group owns 50% less one share of Abertis Holdco, S.A. The ACS Group's interest in Abertis Holdco, S.A. gives it significant influence as defined in IAS 28 and, therefore, Abertis is accounted for as an associate using the equity method in these Consolidated Annual Accounts.

The table below shows the information on the companies considered material under this heading of the consolidated statement of financial position:

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2022	31/12/2021
	100%	100%
Non-current assets	39,369,912	39,147,851
Current assets	5,597,077	6,832,489
Of which: Cash and cash equivalents	4,085,008	4,073,672
Asset held for sale	—	—
Non-current liabilities	30,636,521	32,646,700
Of which: Financial liabilities	25,018,447	26,287,550
Current liabilities	3,880,021	3,380,626
Of which: Financial liabilities	2,316,464	1,539,833
Liabilities associate to assets held for sale	—	—
Net assets	**10,450,447**	**9,953,014**
Minority interests	2,800,606	2,684,689
Equity attributable to the parent company	**7,649,841**	**7,268,325**
Hybrid bond	(1,960,091)	(1,954,894)
Equity attributable homogenized to owners of the Company	**5,689,750**	**5,313,431**
Group's share of net assets (50%)	2,844,875	2,656,716
Capitalized acquisition-related costs	126,170	126,170
Carrying amount of the investment	**2,971,045**	**2,782,886**

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2022	31/12/2021
	100%	100%
Turnover	5,101,815	4,853,694
Profit or loss from continuing operations	346,164	26,024
Post-tax profit/(loss) from discontinued operations	—	—
Profit / (loss) for the year	**346,164**	**26,024**
Non-controlling interest	12,844	(263,822)
Profit/(loss) for the year attributable to owners of the company	333,320	289,846
Other comprehensive income	**866,195**	**262,131**
Minority interests other comprehensive income	230,647	121,145
Other comprehensive income attributable to the parent company	635,548	140,986
Total comprehensive income	**1,212,359**	**288,155**
Minority interests total comprehensive income	243,491	(142,677)
Total comprehensive income attributable to the parent company	968,868	430,832
Group's share in total comprehensive income (50%)	**484,434**	**215,416**
in profit or loss	**166,660**	**144,923**
in other comprehensive income	**317,774**	**70,493**

In 2022, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 296,845 thousand (EUR 296,845 thousand in 2021).

In 2022, to assess whether or not there were any indications of impairment of its interest in Abertis, the Group estimated the fair value of this shareholding. Therefore, the fair value of Abertis at year-end 2022 was restated in accordance with the Group's policies. The recoverable amount of the interest in Abertis accounted for using the equity method was compared with the carrying amount, and no impairment was detected. The ACS Group compared the carrying amount of the cash-generating unit (CGU), which includes the goodwill, with the fair value obtained using the discounted cash flow method (Abertis Holdco, S.A. and Subsidiaries). In accordance with IAS 36, the ACS Group considered that the most appropriate methodology for calculating the fair value corresponds to the assessment of a projected finite period of 5 years (2023-2027) together with the estimate of a residual value.

Based on the budgets and latest long-term projections, the impairment test on the Abertis goodwill as at 31 December 2022 was prepared based on:

- The cash projections obtained from the income and expense projection for the entire Abertis Group for the period (2023-2027) carried out by Abertis.
- To determine the terminal value, a growth rate of 2.0% was applied to the operating free cash flow after taxes for the last projected year, i.e. 2027, and, additionally, a cash outflow for investments in perpetuity was considered equivalent to the amortisation over this period.

The discount rate (WACC) applied to the cash flow projections was 5.77% and, in the case of the terminal value, the WACC applied was increased by 2.0%.

In relation to the result of the impairment test on the interest in Abertis accounted for using the equity method, the recoverable amount obtained (determined based on the fair value as indicated above) exceeds the carrying amount of the goodwill and the assets, so that the carrying amount of the investment in Abertis recognised at 31 December 2022 by the ACS Group can be recovered. Therefore, no provisions for impairment had to be recognised.

Based on the sensitivity analysis performed, the impairment test shows certain leeway as regards the recoverable amount of the carrying amount and is sensitive to changes in the discount rate and cash flows in perpetuity. Therefore, a drop in net operating profit after tax of more than 10% and an increase in the WACC by more than 50 basis points could result in the need to recognise an impairment loss on the consolidated carrying amount of Abertis.

As in the previous year, investments in associates are not subject to any restrictions.

Thiess

On 31 December 2020, the Group finalised an agreement with funds managed by Elliott for the acquisition by Elliott of a 50% interest in the share capital of Thiess. The terms of the sale agreement mean that the ACS Group no longer controls Thiess, but rather controls it jointly with Elliott and, therefore, the ACS Group recognised the remaining 50% of the interest held jointly with Elliott at its fair value based on the sale price.

The table below shows the information on the company considered to be a material joint arrangement under this heading of the consolidated statement of financial position:

Thiess Joint Venture	Thousands of Euros	
	31/12/2022	31/12/2021
	100%	100%
Non-current assets	3,232,540	2,935,703
Current assets	1,024,156	634,774
Of which: Cash and cash equivalents	162,366	132,309
Non-current liabilities	1,449,316	1,366,315
Of which: Financial liabilities	1,270,382	1,184,246
Current liabilities	873,515	548,319
Of which: Financial liabilities	190,277	113,993
Net assets	**1,933,865**	**1,655,843**
Minority interests	10,769	13,449
Equity attributable to the parent company	**1,923,096**	**1,642,394**
Group's share of net assets (50%)	**811,895**	**796,222**

Thiess Joint Venture	Thousands of Euros	
	2022	2021
	100%	100%
Turnover	2,606,236	2,123,287
Other expenses	(1,846,702)	(1,440,910)
Depreciation and amortisation	(408,340)	(392,256)
Share of profits and losses of joint ventures	(66)	—
Financial income	1,056	697
Financial expenses	(97,466)	(38,332)
Profit / (loss) before tax	**254,718**	**252,486**
Income tax	(69,354)	(70,455)
Profit / (loss) for the year	**185,364**	**182,031**
Profit attributable to minority interests	(2,244)	(3,295)
Profit/(loss) attributable to parent company	183,120	178,736
Other comprehensive income	**41,441**	**11,658**
Minority interests other comprehensive income	20,721	5,829
Other comprehensive income attributable to the parent company	20,720	5,829
Total comprehensive income	**226,805**	**193,689**
Minority interests total comprehensive income	18,477	2,534
Total comprehensive income attributable to the parent company	208,328	191,155
Group's share in total comprehensive income (50%)	**78,593**	**70,519**
in profit or loss (*)	**57,872**	**64,690**
in other comprehensive income	**20,721**	**5,829**

(*) The Thiess shareholder agreement establishes a minimum distribution to each shareholder of AUD 180.0 million (EUR 118.8 million) per year during the first six years. In addition, Thiess issued Class C preference shares (see Note 22) providing a coupon yield above all other equity instruments in the amount of EUR 3.2 million for the Group's shareholding in 2022. Accordingly, the returns are attributable first to both the Class C preference shares held by the Group and by Elliott and then to Elliott's minimum distribution. As a result, the Group's share of the profit for the period amounted to EUR 57.9 million. The reduction in the Group's profit includes protective rights and is expected to be recovered through future profits.

In 2022, the ACS Group received dividends from Thiess amounting to EUR 59,063 thousand (no dividends were received in 2021).

On 26 July 2022, Thiess announced that it had entered into a bid execution agreement with MACA Limited ("MACA"). Thiess agreed to make an offer to MACA shareholders to acquire all of the issued shares through a conditional off-market takeover bid. Thiess offered MACA shareholders a consideration in cash of AUD 1.025 per share. The takeover bid for MACA launched by Cimic was concluded in October 2022 for EUR 242 million. This acquisition is an important part of the strategy that Thiess has to diversify its operations among commodities, services and geographical areas (see Note 02.02.f).

The takeover bid was supported by Thiess' shareholders (Cimic and Elliot) who agreed to provide Thiess with the funds. Cimic and Elliot financed the acquisition by subscribing the new Class C preference shares of Thiess. Cimic invested AUD 191.3 million (EUR 126.2 million). The preference shares were issued to the two shareholders in equal proportion, with the same terms, and provide a coupon yield above all other equity instruments. These Class C preference shares are considered non-current financial investments in Thiess and are not accounted for using the equity method in accordance with IAS 28 and, therefore, are considered equity instruments measured at fair value through profit or loss in accordance with IFRS 9.4.1.4 under non-current equity instruments (see Note 10).

In addition, the table below details the associates and the joint arrangements that are not material:

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2022	2021	2022	2021
Carrying amount	**246,763**	**298,426**	**798,386**	**646,695**
Profit before taxes	**46,534**	**44,434**	**99,978**	**(3,940)**
Income taxes	(9,061)	(12,501)	8,028	16,951
Profit after taxes	**37,473**	**31,932**	**108,007**	**13,011**
Other comprehensive income	60,039	13,638	29,002	26,337
Total comprehensive income	**97,512**	**45,571**	**137,008**	**39,348**

10. Financial assets

The breakdown of the Group's financial assets at 31 December 2022 and 2021, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Non-Current	Current	Non-Current	Current
Equity instruments	601,588	164,593	87,878	178,026
Loans to associates	167,070	96,502	184,381	64,019
Other loans	365,607	87,104	263,431	178,440
Debt securities	35,214	489,194	24,208	483,898
Other financial assets	265,176	343,224	205,809	375,696
Long-term cash collateral deposits	405	—	987	—
Subtotal	**1,435,060**	**1,180,617**	**766,694**	**1,280,079**
Trade receivables for sales and services	—	7,383,175	—	6,686,487
Other receivables	—	1,006,282	—	1,400,815
Cash and cash equivalents	—	9,419,987	—	11,253,419
Total	**1,435,060**	**18,990,061**	**766,694**	**20,620,800**

The derivative financial instruments are broken down in Note 22.

The classification of financial assets in accordance with IFRS 9 at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	Value at 31/12/2022	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	**1,435,060**	**539,694**	**431,428**	**463,938**
Equity securities at long-term	601,588	170,160	431,428	—
Loans to group and associates companies at long-term	167,070	—	—	167,070
Loans to third parties at long-term	365,607	328,936	—	36,671
Debt securities at long-term	35,214	35,214	—	—
Long-term cash collateral deposits	405	—	—	405
Other financial assets at long-term	39,422	5,384	—	34,038
Non-current financial assets in operating receivables	225,754	—	—	225,754
Other current financial assets	**1,180,617**	**190,096**	**477,786**	**512,735**
Equity securities at short-term	164,593	106,836	57,757	—
Loans to group and associates companies to short-term	96,502	—	—	96,502
Loans to third parties at short-term	87,104	—	—	87,104
Debt securities at short-term	489,194	66,834	420,029	2,331
Other financial assets at short-term	343,224	16,426	—	326,798
Trade receivables for sales and services	**7,383,175**	**—**	**—**	**7,383,175**
Other receivable	**1,006,282**	**—**	**—**	**1,006,282**
Cash and cash equivalents	**9,419,987**	**—**	**—**	**9,419,987**

	Thousands of Euros			
	Value at 31/12/2021	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	**771,011**	**339,823**	**14**	**431,174**
Equity securities at long-term	87,878	87,864	14	—
Loans to group and associates companies at long-term	184,381	—	—	184,381
Loans to third parties at long-term	263,431	223,436	—	39,995
Debt securities at long-term	24,208	24,208	—	—
Long-term cash collateral deposits	987	987	—	—
Other financial assets at long-term	7,849	3,328	—	4,521
Non-current financial assets in operating receivables	197,960	—	—	197,960
Concessional assets identified under the financial asset model (Note 06)	4,317	—	—	4,317
Other current financial assets	**1,280,079**	**196,742**	**542,763**	**540,574**
Equity securities at short-term	178,026	25,223	152,803	—
Loans to group and associates companies to short-term	64,019	—	—	64,019
Debt securities at short-term	483,898	93,938	389,960	—
Group and associated short-term derivatives	178,440	—	—	178,440
Other financial assets at short-term	375,696	77,581	—	298,115
Trade receivables for sales and services	**6,686,487**	**—**	**—**	**6,686,487**
Other receivable	**1,400,815**	**—**	**—**	**1,400,815**
Cash and cash equivalents	**11,253,419**	**—**	**—**	**11,253,419**

10.01. Equity Instruments

The detail of the balance of this heading at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Non-Current	Current	Non-Current	Current
Constructions	576,326	163,639	62,602	177,023
Concessions	21,813	954	21,725	1,003
Services	19	—	19	—
Corporation, other and adjustments	3,430	—	3,532	—
Total	**601,588**	**164,593**	**87,878**	**178,026**

Non-current and current equity instruments most notably include those from Hochtief amounting to EUR 576,129 thousand and EUR 163,639 thousand, respectively, at 31 December 2022 (EUR 62,431 thousand and EUR 177,024 thousand, respectively, at 31 December 2021) and relate mainly to the increase in the amount of non-current equity instruments compared to 31 December 2021, which is mainly due to the exclusion of Ventia from the consolidation perimeter of Cimic, which as of 31 March 2022 is recognised as a non-current financial asset instead of being accounted for using the equity method (see Note 02.02.f), and the Class C preference shares of Thiess (see Note 09.02). Short-term investments in securities held in special and general investment funds are also recognised.

10.02. Loans to associates

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Loans to associates	**96,502**	87,890	—	6,552	72,628	**167,070**

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2021 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Loans to associates	**64,019**	106,764	—	—	77,617	**184,381**

At 31 December 2022, this line item most notably included the loans granted by Hochtief to its associates in the amount of EUR 161,568 thousand (EUR 163,195 thousand at 31 December 2021). Furthermore, the loans granted by Iridium mature in the long term and most notably include the subordinated loan granted to Road Management (A13) Plc. in the amount of EUR 47,779 thousand (EUR 46,477 thousand at 31 December 2021), the subordinated loan to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand at 31 December 2021), the participating loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,227 thousand (EUR 13,251 thousand at 31 December 2021) and the participating loan granted to New Ross N25 By Pass Designity in the amount of EUR 8,385 thousand (EUR 8,430 thousand at 31 December 2021). In 2022, the changes in the loans are mainly due to the increase in the subordinated loan granted by Iridium Concesiones de Infraestructuras, S.A. to Iridium Hermes Road, S.L., the purpose of which is to partially finance the investment in the additional construction work on Eix Diagonal, which finally amounted to EUR 6,552 thousand for the year

(EUR 4,253 thousand at 31 December 2021). In addition, the participating loan of Nuevo Hospital de Toledo, S.A. was transferred in 2022 from Iridium Concesiones de Infraestructuras, S.A. to Global Borealis, S.L.U. after 80% of the concession was sold in 2021, whereby the loan currently amounts to EUR 2,388 thousand.

The Group regularly assesses the recoverability of the loans to associates jointly with investments, making the necessary provisions when required. These loans bear interest at market rates.

10.03. Other loans

The detail of the balances of "Other loans" and of the scheduled maturities as at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Other loans	**87,104**	71,237	54,702	35,902	203,766	**365,607**

The detail of the balances of "Other loans" and of the scheduled maturities as at 31 December 2021 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Other loans	**178,440**	18,057	17,104	17,344	210,926	**263,431**

At 31 December 2022, "Loans to third parties" under "Non-current financial assets" in the consolidated statement of financial position included the earn-out corresponding to the sale of most of the Industrial business, the fair value of which amounted to EUR 328,936 thousand after the valuation was updated in 2022 based on the best information available (EUR 223,436 thousand at 31 December 2021); this amount has yet to be received as there is a maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial business (up to "Ready to build" status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial business sold fails to generate 6 GW in the first 42 months (see Note 03.09.02).

These loans earn interest tied to Euribor plus a market spread.

10.04. Debt securities

At 31 December 2022, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-income securities maturing at more than three months, and that it does not intend to hold until maturity, from Hochtief for EUR 424,157 thousand (EUR 394,803 thousand at 31 December 2021). Other significant amounts include those held by the Dragados Group amounting to EUR 62,706 thousand (EUR 89,095 thousand at 31 December 2021).

10.05. Other financial assets

As at 31 December 2022, "Other financial assets" included short-term deposits amounting to EUR 296,552 thousand (EUR 270,386 thousand at 31 December 2021) as a result of the cash available following the sale of the Industrial business.

In addition, at 31 December 2022, the amount mentioned in the previous paragraph includes EUR 218,139 thousand (EUR 194,095 thousand at 31 December 2021) held as collateral to secure the derivatives arranged by the Group (see Note 22), recognised under "Other current financial assets" in the accompanying consolidated statement of financial position.

Impairment losses

There were no significant impairment losses in 2022 or 2021. There were no significant reversals of impairment losses on financial assets in 2022 or 2021.

11. Inventories

The detail of "Inventories" at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Merchandise	163,692	168,813
Raw materials and other supplies	353,696	294,354
Work in progress	213,064	218,396
Finished goods	23,952	16,742
Others	74,564	43,787
Total	**828,968**	**742,092**

The balance of inventories at 31 December 2022 relates mainly to the EUR 369,900 thousand (EUR 345,215 thousand at 31 December 2021) contributed by the Hochtief Group, including projects in progress amounting to EUR 169,842 thousand (EUR 174,707 thousand at 31 December 2021), mainly real estate (land and buildings) amounting to EUR 120,342 thousand, owned by Hochtief and its Australian subsidiary Cimic (EUR 131,999 thousand at 31 December 2021), and that were not subject to restrictions at 31 December 2022 or 31 December 2021, and to real estate assets held by the rest of the ACS Group amounting to EUR 219,801 thousand (EUR 217,408 thousand at 31 December 2021). In addition to the above restrictions, inventories have been not pledged and/or mortgaged as security for the repayment of debts either at 31 December 2022 or at 31 December 2021.

Impairment losses on inventories recognised and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 410 thousand and EUR 180 thousand in 2022, respectively (EUR 87 thousand and EUR 7,335 thousand in 2021, respectively).

12. Trade and other receivables

The carrying amount of trade and other receivables is reflected in the following breakdown by divisions as at 31 December 2022 and 2021:

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit and adjustments	Balance at 31/12/2022
Trade receivables for sales and services	6,845,580	3,866	220,554	278,898	**7,348,898**
Receivable from group companies and associates	29,346	4,927	4	—	**34,277**
Other receivables	898,860	28,980	19,642	58,800	**1,006,282**
Current tax assets	126,988	2,610	389	45,209	**175,196**
Total	**7,900,774**	**40,383**	**240,589**	**382,907**	**8,564,653**

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit and adjustments	Balance at 31/12/2021 (*)
Trade receivables for sales and services	6,171,336	4,287	185,104	289,524	**6,650,251**
Receivable from group companies and associates	32,822	3,415	(4)	3	**36,236**
Other receivables	1,073,564	30,240	13,370	283,641	**1,400,815**
Current tax assets	134,167	2,909	102	155,876	**293,054**
Total	**7,411,889**	**40,851**	**198,572**	**729,044**	**8,380,356**

(*) Restated.

12.01. Trade receivables for sales and services - Net trade receivables balance

The detail of "Trade receivables for sales and services" and the net trade receivables balance, by line of business, at 31 December 2022 and 2021 is as follows:

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit, others and adjustments	Balance at 31/12/2022
Trade receivables and notes receivable	4,201,670	1,119	204,873	237,708	**4,645,370**
Completed work pending certification	2,799,159	2,776	19,898	49,528	**2,871,361**
Allowances for doubtful debts	(155,249)	(29)	(4,217)	(8,338)	**(167,833)**
Total receivables for sales and services	**6,845,580**	**3,866**	**220,554**	**278,898**	**7,348,898**
Advances received on orders (Note 23)	(2,858,033)	(1,397)	(3,340)	(29,512)	**(2,892,282)**
Total liabilities from customer contracts	**(2,858,033)**	**(1,397)**	**(3,340)**	**(29,512)**	**(2,892,282)**
Total net trade receivables balance	**3,987,547**	**2,469**	**217,214**	**249,386**	**4,456,616**

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit, others and adjustments	Balance at 31/12/2021 (*)
Trade receivables and notes receivable	3,824,493	932	183,428	249,863	**4,258,716**
Completed work pending certification	2,526,898	3,384	6,244	47,833	**2,584,359**
Allowances for doubtful debts	(180,055)	(29)	(4,568)	(8,172)	**(192,824)**
Total receivables for sales and services	**6,171,336**	**4,287**	**185,104**	**289,524**	**6,650,251**
Advances received on orders (Note 23)	(2,815,683)	(747)	(1,346)	(29,221)	**(2,846,997)**
Total liabilities from customer contracts	**(2,815,683)**	**(747)**	**(1,346)**	**(29,221)**	**(2,846,997)**
Total net trade receivables balance	**3,355,653**	**3,540**	**183,758**	**260,303**	**3,803,254**

(*) Restated.

The balances relating to contracts with customers are registered in accordance with the explanations in Note 03.16.

The breakdown of the amounts recognised in 2022 and 2021 is as follows:

	Thousands of Euros				
	Balance at 31/12/2021	Changes in the consolidation perimeter	Exchange differences	Others	Balance at 31/12/2022
Trade receivables and notes receivable (net of provisions)	**4,065,892**	659	413	410,573	**4,477,537**
Completed work pending certification	**2,584,359**	379	16,377	270,246	**2,871,361**
Total Contract assets	**6,650,251**	**1,038**	**16,790**	**680,819**	**7,348,898**
Total Contract liabilities	**2,846,997**	**—**	**18,702**	**26,583**	**2,892,282**

	Thousands of Euros					
	Balance at 31/12/2020	Changes in the consolidation perimeter	Transfers to assets held for sale and disposable groups of items	Exchange differences	Others	Balance at 31/12/2021
Trade receivables and notes receivable (net of provisions)	**4,891,824**	174,584	(1,162,296)	18,294	143,486	**4,065,892**
Completed work pending certification	**3,450,382**	16,488	(1,137,418)	44,999	209,908	**2,584,359**
Total Contract assets	**8,342,206**	**191,072**	**(2,299,714)**	**63,293**	**353,394**	**6,650,251**
Total Contract liabilities	**3,283,355**	**12,338**	**(612,387)**	**44,101**	**119,590**	**2,846,997**

“Others” basically includes changes related to production and/or invoicing to customers during the year and the payments obtained from them, and the reclassifications from completed work pending certification to trade receivables and notes receivable. The main change in 2021 related to the transfer of the Industrial Services Division to non-current assets held for sale since it was considered a discontinued operation during the year before it was sold.

Should the amount of output from inception, measured at the amount to be billed, of each project be greater than the amount billed up to the date of the statement of financial position, the difference between the two amounts relates to contractual assets and is recognised under “Completed work pending certification” under “Trade and other receivables” on the asset side of the consolidated statement of financial position.

Should the amount of output from inception be lower than the amount of the progress billings, the difference relates to contractual liabilities and is recognised under “Customer advances” under “Trade and other payables” on the liability side of the consolidated statement of financial position. Therefore, the balances are presented based on each project/work at both 31 December 2022 and 31 December 2021.

“Total contract liabilities” includes both “Customer advances” and “Pre-certified construction work customers”.

Incremental costs are not significant in relation to the total contract assets with customers.

The revenue recognised in 2022 that was included in the balance of “Customer advances” (contract liabilities with customers) at the beginning of the year amounts to EUR 1,783 million (EUR 1,734 million in 2021), while the revenue recognised in 2022 resulting from performance obligations that were satisfied or partially satisfied in previous years amounts to a loss of EUR (39) million.

At 31 December 2022, retentions held by customers for contract work in progress amounted to EUR 1,337,461 thousand (EUR 1,215,207 thousand at 31 December 2021).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The reduced balance of receivables amounted to EUR 1,063,190 thousand at 31 December 2022 (EUR 1,012,001 thousand at 31 December 2021).

Substantially all the risks and rewards associated with the receivables, and control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the above conditions were derecognised in the consolidated statement of financial position. The Group companies continued to manage collection during the year.

There was no customer as at 31 December 2022 and 2021, that represented more than 10% of total revenue.

12.02. Changes in the allowances for doubtful debts

The following is a breakdown, by line of business, of the changes in allowances for doubtful debts in 2022 and 2021:

Movement in the impairment provision	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit, others and adjustments	Total
Balance at 1 January of 2021 (*)	**(202,585)**	**(29)**	**(3,797)**	**(124,765)**	**(331,176)**
Charges for the year	(32,537)	—	(3,172)	(44,642)	(80,351)
Reversals / Excesses	58,572	—	2,644	43,108	104,324
Changes in the consolidation perimeter and other	(3,504)	—	(243)	118,126	114,379
Balance at 31 December 2021 (*)	**(180,054)**	**(29)**	**(4,568)**	**(8,173)**	**(192,824)**
Charges for the year	(565)	—	(2,580)	(81)	(3,226)
Reversals / Excesses	44,993	—	2,906	4	47,903
Changes in the consolidation perimeter and other	(19,623)	—	25	(88)	(19,686)
Balance at 31 December 2022	**(155,249)**	**(29)**	**(4,217)**	**(8,338)**	**(167,833)**

(*) Restated.

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

The net trade receivables balance at 31 December 2022 amounted to EUR 4,456,616 thousand (EUR 3,803,254 thousand at 31 December 2021), of which EUR 465,198 thousand (EUR 411,579 thousand at 31 December 2021) relate to domestic activity and EUR 3,991,418 thousand (EUR 3,391,675 thousand at 31 December 2021) to international activity.

As regards domestic activity, EUR 315,997 thousand (EUR 288,578 thousand at 31 December 2021), 68% of the balance (70% of the balance at 31 December 2021), relates to the net balance receivable from the Spanish public authorities, while the remainder relates to the private sector, without a large concentration of balances.

As regards foreign activities, the majority arises from the private sector amounting to EUR 3,243,749 thousand (EUR 2,811,794 thousand at 31 December 2021), the majority of which relate to the Hochtief Group. The status of customers that are past due but not impaired as at 31 December 2022 and 2021 is detailed under “Credit risk” in Note 21.

13. Other current assets

This heading in the statement of financial position includes mainly short-term accruals of prepaid expenses and interest.

14. Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an initial maturity of three months or less, and other short-term, highly liquid investments (maturing within less than three months) that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. At 31 December 2021, this heading included EUR 4,902 million corresponding to the proceeds from the sale of most of the Industrial business (see Note 03.09.02).

The carrying amount of these assets amounting to EUR 484,221 thousand at 31 December 2022 (EUR 312,392 thousand at 31 December 2021) reflects their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share capital

As at 31 December 2022, the share capital of the Parent Company amounted to EUR 142,082 thousand and was represented by 284,164,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights. As at 31 December 2021, the share capital of the Parent Company amounted to EUR 152,332 thousand and was represented by 304,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights.

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 3,047,466 shares for a nominal amount of EUR 1,523,733.00, which were retired simultaneously for the same amount, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

On 24 January 2022, in accordance with the resolution passed at the Annual General Meeting held on 7 May 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company’s treasury shares for a nominal amount of EUR 5 million through the retirement of 10 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On 12 May 2022, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company’s treasury shares for a nominal amount of EUR 3 million through the retirement of 6 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On 21 November 2022, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company’s treasury shares for a nominal amount of EUR 2.25 million through the retirement of 4.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On 11 November 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce capital by EUR 3 million of the nominal value through the retirement of 6 million shares of the Company’s treasury stock, subject to authorisation by the shareholders at the Annual General Meeting of 7 May 2021.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount of equity.

At the Annual General Meeting held on 8 May 2020, the shareholders agreed to delegate to the Board of Directors, in accordance with section 297.1(b) of the consolidated text of the Corporate Enterprises Act, the power to increase, on one or more occasions, the Company's share capital up to a maximum of 50% of the share capital, as of the date of the Meeting, within a maximum period of five years from the date of this General Meeting.

The share capital increase(s) may be carried out, with or without a share premium, either by increasing the par value of the existing shares in accordance with that established by law, or by issuing new shares, ordinary or preferential, with or without voting rights, or redeemable shares, or any other type of shares permitted by law or several types at the same time, consisting of a consideration for the new shares or an increase in the par value of the existing ones, in terms of monetary contributions.

It was also agreed to authorise the Board of Directors so that, in all matters not provided for, it can set the terms of the share capital increases and the characteristics of the shares, and freely offer the new unsubscribed shares within the term(s) for exercising the pre-emption right. The Board may also establish that, if the issue is undersubscribed, the share capital will only be increased by the amount of the shares subscribed, and revise the wording of the corresponding article of the Articles of Association regarding the share capital and number of shares.

The Board is expressly granted the power to exclude, in full or in part, the pre-emption right up to a maximum nominal amount, collectively, equal to 20% of the share capital at the time of authorisation in relation to all or any of the issues agreed based on this authorisation, in line with section 506 of the Corporate Enterprises Act, which also includes the exclusions of the pre-emption rights carried out in the framework of securities issues in accordance with the resolution passed at the Annual General Meeting of 10 May 2019.

The shareholders at the Annual General Meeting held on 10 May 2019 approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following 10 May 2019, securities convertible into and/or exchangeable for shares of the Company, and warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of the Company's shares, for a total amount of up to EUR 3,000 million; and the power to increase share capital by the necessary amount, along with the power to exclude, where appropriate, the pre-emption rights up to a limit of 20% of the share capital.

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 6 May 2022, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 600 million with a charge to unrestricted reserves, whereby the first capital increase may not exceed EUR 460 million and the second increase may not exceed EUR 140 million, indistinctly granting the Executive Committee, the Chairman of the Board and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the Annual General Meeting held in 2022 and, in the case of the second increase, within the first quarter of 2023, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. As regards the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the above capital increase was effectively carried out. The Board is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 15.04).

On 20 June 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 6 May 2022, so that once the process was concluded in July 2022, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 9,132,720 shares, and the nominal amount of the related capital increase was EUR 4,566,360. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,566,360 through the retirement of 9,132,720 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,566,360, as provided for in section 335.c) of the Corporate Enterprises Act.

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022, and, on this same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.04).

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2021, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 574 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 426 million and the second increase may not exceed EUR 148 million, indistinctly granting the Executive Committee, the Chairman of the Board and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the Annual General Meeting held in 2021 and, in the case of the second increase, within the first quarter of 2022, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. As regards the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the above capital increase was effectively carried out. The Board is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 15.04).

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 7 May 2021, so that once the process was concluded in July 2021, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 8,329,558 shares, and the nominal amount of the related capital increase was EUR 4,164,779. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in section 335.c) of the Corporate Enterprises Act.

The shares representing the capital of ACS, Actividades de Construcción y Servicios, S.A. are admitted for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are listed on the continuous market.

In addition to the Parent Company, the companies included in the consolidation perimeter whose shares are listed on securities markets at 31 December 2022 are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany) and Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina).

At 31 December 2022, the shareholder with an ownership interest of over 10% in the Parent Company's share capital was Rosan Inversiones, S.L. with an interest of 13.86%.

15.02. Share premium

The share premium at 31 December 2022 and 2021 amounted to EUR 366,379 thousand and EUR 366,379 thousand, respectively.

The consolidated text of the Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use. This reserve is unrestricted provided that the Company's equity does not fall below share capital as a result of its distribution.

15.03. Reserves

The detail of this heading at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
Legal reserve	35,287	35,287
Voluntary reserves	7,144,603	3,602,560
Capital redemption reserve fund	64,367	48,027
Reserve for actuarial gains and losses	111,816	(875)
Others reserves	410,051	814,557
Reserves at consolidated companies	(3,140,766)	(866,542)
Total	**4,625,358**	**3,633,014**

This heading includes the reserves set up by the Group's Parent Company, mainly in relation to retained earnings and, where applicable, in compliance with the various applicable legal provisions.

Legal reserve

Under the consolidated text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve of the Group's Parent Company, which amounts to EUR 35,287 thousand, exceed the stipulated level at 31 December 2022 and 2021.

Voluntary reserves

These are reserves, the use of which is not limited or restricted in any way, freely set up by means of the allocation of the Parent Company's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current law.

Pursuant to the consolidated text of the Corporate Enterprises Act, profit may not be distributed unless the amount of the unrestricted legal reserves is at least equal to the amount of research and development expenses included under assets in the statement of financial position. In this case, the reserves allocated to meet this requirement are considered to be restricted reserves.

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) that place restrictions on the distribution of dividends until certain ratios are met.

Capital redemption reserve

As a result of the redemption of the Parent Company's shares carried out in 2022 and 2021, in accordance with section 335.c) of the consolidated text of the Corporate Enterprises Act, ACS, Actividades de Construcción y Servicios, S.A. established a restricted "Capital redemption reserve" of EUR 64,367 thousand (EUR 48,027 thousand at 31 December 2021), which is equivalent to the nominal value of the reduced share capital.

Reserve for actuarial gains and losses

This item includes the effects on pension plans due to actuarial impacts such as changes in the technical interest rate, mortality tables, etc.

15.04. Treasury shares

The changes in “Treasury shares” in 2022 and 2021 were as follows:

	2022		2021	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of the reporting period	**28,876,676**	**691,916**	**25,604,641**	**636,011**
Purchases	29,708,164	709,781	20,169,758	472,252
Depreciation and sales	(32,680,186)	(779,527)	(16,897,723)	(416,347)
At end of the reporting period	**25,904,654**	**622,170**	**28,876,676**	**691,916**

In 2022, the Parent Company retired a total of 20,500,000 shares in accordance with the resolutions passed by the shareholders at the General Meeting, reducing the share capital by a nominal amount of EUR 10,250,000 through the retirement of 20.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act (see Note 15.01).

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 3,047,466 shares for a nominal amount of EUR 1,523,733.00, which were retired simultaneously for the same amount, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

On 20 June 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 6 May 2022, so that once the process was concluded in July 2022, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 9,132,720 shares, and the nominal amount of the related capital increase was EUR 4,566,360. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,566,360 through the retirement of 9,132,720 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,566,360, as provided for in section 335.c) of the Corporate Enterprises Act (see Note 15.01).

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.01) through the retirement of the necessary treasury shares. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration (“optional dividend”), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to the share premium approved by the shareholders at the Annual General Meeting held on 8 May 2020, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 2,568,165 shares for a nominal amount of EUR

1,284,082.50, which were retired simultaneously for the same amount, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,284,082.50, as provided for in section 335.c) of the Corporate Enterprises Act.

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 7 May 2021, so that once the process was concluded in July 2021, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 8,329,558 shares, and the nominal amount of the related capital increase was EUR 4,164,779. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in section 335.c) of the Corporate Enterprises Act (see Note 15.01).

On 11 November 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce capital by EUR 3 million of the nominal value through the retirement of 6 million shares of the Company's treasury stock, subject to authorisation by the shareholders at the Annual General Meeting of 7 May 2021 (see Note 15.01).

At 31 December 2022, the Group held 25,904,654 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 9.1% of the share capital, with a consolidated carrying amount of EUR 622,170 thousand that is recognised in equity under "Treasury shares" in the consolidated statement of financial position. At 31 December 2021, the Group held 28,876,676 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 9.5% of the share capital, with a consolidated carrying amount of EUR 691,916 thousand that was recognised in equity under "Treasury shares" in the consolidated statement of financial position.

In 2022, ACS notified the CNMV of the changes made to the treasury share buyback programme, which at year-end included a maximum of 19,500,000 shares to be acquired and a maximum investment of up to EUR 585 million, with a maximum term of up to 31 July 2023.

The average purchase price of ACS shares in 2022 was EUR 23.89 per share (EUR 23.41 per share in 2021).

15.05. Dividends

Dividends paid by the Parent Company

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second capital reduction through the retirement of treasury shares, which was approved at the same General Meeting, for a maximum amount equal to the amount by which the share capital was actually increased as a result of the second capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second capital increase charged to reserves agreed at the Annual General Meeting held on 7 May 2021 (through which an optional dividend in shares or cash is structured) was set at 6,093,291 shares on 11 January 2022.

ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase from its shareholders the bonus issue rights corresponding to this second capital increase at a price that was set at a fixed gross amount of EUR 0.468 for each right.

After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 40.28% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2022 the following events took place:

- The dividend was determined to be a total gross amount of EUR 57,425,748.12 (EUR 0.468 per share) and was paid on 1 February 2022.
- The number of final shares subject to the capital increase was 3,047,466 for a nominal amount of EUR 1,523,733.00, which were redeemed simultaneously for the same amount.

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 8 May 2020. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration (“optional dividend”), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 39.68% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in February 2021 the following events took place:

- The dividend was determined to be a total gross amount of EUR 55,716,280.82 (EUR 0.452 per share) and was paid on 9 February 2021.
- The number of final shares subject to the capital increase was 2,568,165 for a nominal amount of EUR 1,284,082.50, which were redeemed simultaneously for the same amount.

In addition, as a result of the resolution passed by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 6 May 2022, the Company resolved on 20 June 2022 to carry out the first capital increase, establishing the maximum reference value at EUR 460 million with a charge to the Company’s reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company’s shares. On 28 June 2022, certain aspects in relation to the first capital increase mentioned above were finalised and are summarised as follows:

- The maximum number of new shares to be issued in the first capital increase would be 19,244,306 shares.
- A total of 15 bonus issue rights are necessary to receive one new share.
- The acquisition price of each bonus issue right, by virtue of the purchase agreement assumed by ACS, is EUR 1.484.

After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 43.2% of the bonus issue rights. After the decision-making period granted to the shareholders has elapsed, on 15 July 2022 the dividend was determined at a total gross amount of EUR 185,566,615.28 and was paid on 18 July.

Interim dividends

On 28 July 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to pay an interim dividend of EUR 0.05 per share with a charge to profit for 2022, which represents the payment of a total dividend of EUR 13.4 million on 4 August 2022. For these purposes, at its meeting on 28 July 2022, the Board of Directors prepared the accounting statement required pursuant to section 277 of the Corporate Enterprises Act, evidencing the existence of sufficient liquidity for the distribution of this interim dividend.

Subsequent to year-end 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022 (see Note 32).

15.06. Valuation adjustments / translation differences

The net changes in the balance of this heading in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**(170,918)**	**(668,772)**
Hedging Instruments	416,443	86,233
Available-for-sale financial assets	(53,170)	20,700
Exchange differences	188,602	390,921
Ending balance	**380,957**	**(170,918)**

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges mainly from the ownership interest in Abertis.

The changes relating to financial assets through other comprehensive income include the unrealised gains or losses arising from changes in their fair value net of the related tax effect.

The translation differences at 1 January 2004 were recognised in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group's consolidated statement of financial position at 31 December 2022 relates exclusively to the difference arising in the period from 2004 to 2022, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, and companies accounted for using the equity method, whose functional currency is not the euro.

The main translation differences, by currency, at 31 December 2022 and 2021 were as follows:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
U.S. Dollar (USD)	40,230	21,433
Australian Dollar (AUD)	34,550	(10,063)
Canadian Dollar (CAD)	(7,161)	4,730
Other currencies	30,061	(107,021)
Total	**97,680**	**(90,921)**

15.07. Non-controlling interests

The detail, by line of business, of the balance of "Non-controlling interests" in the consolidated statement of financial position at 31 December 2022 and 2021 is as follows:

Line of Business	Thousands of Euros				
	Balance at 31/12/2022		Balance at 31/12/2021(*)		
	Non-controlling interests	Profit attributed to non-controlling interests	Non-controlling interests	Profit attributed to non-controlling interests	Result discontinued operations
Construction	203,209	204,228	510,708	155,517	11,340
Concessions	406,270	87	310	25	—
Services	4,247	504	3,626	621	—
Corporation, others and adjustments	10,198	(262)	(1,566)	13,318	—
Total	**623,924**	**204,557**	**513,078**	**169,481**	**11,340**

(*) Data restated.

“Non-controlling interests” mainly relates to the full consolidation of Blueridge Transportation Group (BTG) (see Note 02.02.f) amounting to EUR 405,990 thousand at 31 December 2022 and to the consolidation of Hochtief, which includes both the ownership interests of the non-controlling shareholders of Hochtief and the non-controlling interests included in the statement of financial position of the German company amounting to EUR 95,674 thousand at 31 December 2022 (EUR 284,764 thousand at 31 December 2021), the reduction of which from one year to the next is mainly due to the increase in the ownership interest in Hochtief and the takeover bid for the shares of the minority shareholders of Cimic Group Limited as detailed in this Note.

In addition, on 23 February 2022, Hochtief, the majority shareholder of Cimic with a 78.6% interest, announced its intent to carry out an off-market takeover bid, which would be unconditional and final (unless a counter-offer is submitted by a third party), to acquire the remaining shares of Cimic for AUD 22 per share. Cimic’s shareholders that accept the offer will receive payment in cash within five business days of acceptance. On 6 May 2022, Cimic’s shares were suspended from trading on the Australian stock exchange after Hochtief reached a 96% shareholding in the company and a squeeze-out was initiated, which ended with the acquisition of the last shares on 10 June 2022. Consequently, in 2022 the shareholding increased from 78.6% at 31 December 2021 to 100% on 31 December 2022 through Hochtief’s takeover bid for Cimic. All Cimic shares not already owned by Hochtief were acquired for approximately AUD 1,500 million, which at the exchange rate prevailing on the date of each share acquired amounts to EUR 985 million (EUR 940 million considering the average hedging rate) (see Note 03.23).

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorised capital. The company’s share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders’ pre-emption rights. The new shares were issued with dividend rights as of 1 January 2022. ACS, Actividades de Construcción y Servicios, S.A. agreed to participate in the takeover bid in proportion to its current shareholding in Hochtief and to back the capital increase in full with respect to all remaining new shares that were not placed among other corporate and institutional investors. ACS, Actividades de Construcción y Servicios, S.A. was therefore assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase will be used to repay part of the financing obtained for the acquisition of Cimic (see Note 03.23).

On 15 September 2022, an additional 14.46% interest in Hochtief, A.G. was acquired for EUR 578 million (equal to EUR 51.4 per share) and additional acquisitions were made in the fourth quarter of 2022 for EUR 26 million at an average price of EUR 52.73 per share, which increased the shareholding in Hochtief, A.G. at the end of 2022 to 68.64% of the shares representing the share capital without discounting treasury shares, and 70.94% when treasury shares are discounted.

Accordingly, the only significant non-controlling interest is that from Hochtief, with the following information:

	Thousands of Euros	
	31/12/2022	31/12/2021
Non-current assets	6,086,338	5,295,254
Current assets	12,213,320	10,939,811
Non-current liabilities	5,995,735	5,378,445
Current liabilities	11,074,474	9,770,859
Equity	**1,229,449**	**1,085,761**
Of which: Non-controlling interests Hochtief	95,674	284,764
Non-controlling interests of Hochtief included in equity of the ACS Group	**425,097**	**667,429**
Turnover	26,219,332	21,377,874
Profit before tax	**677,174**	**434,982**
Income tax	(162,165)	(141,585)
Profit for the period from continuing operations	**515,009**	**293,397**
Profit after tax from discontinued operations	—	(4,479)
Profit for the period	**515,009**	**288,918**
Of which: Non-controlling interests Hochtief	(33,235)	(80,997)
Profit attributable to the parent	**481,774**	**207,921**
Non-controlling interests included in profit or loss for the year	**(173,214)**	**(180,329)**
Cash flows from operating activities	1,050,816	387,196
Cash flows from investing activities	(484,588)	(219,999)
Cash flows from financing activities	(167,202)	(1,075,125)

"Non-controlling interests" in the accompanying consolidated statement of financial position reflects the proportionate share of the equity of Group companies in which there are non-controlling shareholders. The changes in 2022, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2021	**693,899**
Profit for the year from continuing operations	204,557
Dividends received	(97,710)
Changes in shareholdings in controlled companies and others	(77,502)
Adjustments for changes in value	105,237
Balance at 31 December 2022	**828,481**

The changes in 2021, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2020	**747,428**
Profit for the year from continuing operations	180,821
Dividends received	(341,716)
Changes in shareholdings in controlled companies and others	(105,639)
Adjustments for changes in value	213,005
Balance at 31 December 2021	**693,899**

At 31 December 2022, the shareholders with an ownership interest equal to or exceeding 10% of the subscribed capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Construction		
Gasoductos y Redes Gisca, S.A.	47.50%	Spie Capag, S.A.
Concessions		
Blueridge Transportation Group, LLC	21.62%	Shikun & Binui Concessions USA, Inc
Services		
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, S.A.
Corporate unit and others		
Energía Renovable de la Península, SAPI de C.V.	30.00%	Envisión Energy B.V. (24%)

16. Grants

The changes in the balance of this heading in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**2,099**	**3,485**
Changes in the consolidation perimeter	—	(513)
Exchange differences	(18)	12
Additions	429	955
Transfers	(172)	4
Transfers to assets held for sale and disposable groups of items	—	(1,545)
Recognition in income statement	(299)	(299)
Ending balance	**2,039**	**2,099**

The years in which the grants related to assets can be allocated are detailed below:

	Thousands of Euros					
	31/12/2022			31/12/2021		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	363	552	1,124	182	605	1,312

17. Bank borrowings, debentures and other marketable securities

The breakdown of the ACS Group's financial liabilities at 31 December 2022 and 2021, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	3,920,911	107,740	4,096,426	640,907
Bank borrowings	4,849,634	1,371,343	4,524,806	1,128,861
- with limited recourse	205,476	33,666	51,069	18,472
- other	4,644,158	1,337,677	4,473,737	1,110,389
Other financial liabilities	108,136	19,240	96,122	38,723
Total	**8,878,681**	**1,498,323**	**8,717,354**	**1,808,491**

17.01. Debentures and other marketable securities

At 31 December 2022, the ACS Group had debentures and bonds issued amounting to EUR 3,920,911 thousand in non-current issues and EUR 107,740 thousand in current issues (EUR 4,096,426 thousand in non-current issues and EUR 640,907 thousand in current issues, respectively, at 31 December 2021) from Cimic, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and Dragados, S.A.

The most significant changes as at 31 December 2022 are as follows:

– In 2022, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered on the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. As at 31 December 2022, the issues outstanding under this programme amounted to EUR 55,000 thousand (EUR 182,850 thousand at 31 December 2021).

– ACS, Actividades de Construcción y Servicios, S.A. also renewed its debt issue programme, called the Euro Medium-Term Note Programme (EMTN Programme), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland. Under this EMTN debt issue programme, ACS, Actividades de Construcción y Servicios, S.A. issued a five-year senior bond, for a total amount of EUR 750 million, maturing on 17 June 2025, and with a 1.375% annual coupon. In addition, a private placement bond was issued in 2022 for EUR 37 million and maturing in November 2026.

– Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in 2022 for EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. As at 31 December 2022, there were no issues outstanding under this programme (EUR 254,000 thousand at 31 December 2021).

– During the fourth quarter of 2022, as a result of the tender offer to bondholders, EUR 162,300 thousand in green bonds issued by ACS, Servicios, Comunicaciones y Energía, S.A. (currently in Dragados, S.A.) were redeemed for a total of EUR 750,000,000, with a coupon of 1.875% and maturing in April 2026.

The detail, by maturity, of these debentures and bonds at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Debentures and bonds	**107,740**	—	1,296,558	622,216	2,002,137	**3,920,911**

The detail, by maturity, of these debentures and bonds at 31 December 2021 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Debentures and bonds	**640,907**	50,000	—	1,292,476	2,753,950	**4,096,426**

The detail of the ACS Group's main bonds at 31 December 2022 and 2021 is as follows:

Bonds	Carrying amount 31/12/2022	Carrying amount 31/12/2021	Price 31/12/2022	Price 31/12/2021	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	752,767	751,619	92.12%	101.24%	750	1.375%	5	April 2025
ACS 37	37,051	—	n.a.	n.a.	37	4.750%	4	November 2026
ACS 50	28,011	50,002	n.a.	n.a.	28	0.785%	4.11	June 2023
DRAGADOS GREEN BOND 750	594,043	757,598	90.94%	105.15%	588	1.875%	8	April 2026
HOCHTIEF 500	503,022	502,485	94.65%	104.92%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	50,930	48,524	n.a.	n.a.	51	0.769%	6	June 2025
HOCHTIEF 50	50,646	50,635	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	497,642	496,960	81.73%	100.51%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	95,743	100,745	n.a.	n.a.	96	1.700%	10	July 2029
HOCHTIEF 250	249,580	249,414	65.83%	100.73%	250	1.250%	12	September 2031
HOCHTIEF 500	496,415	495,499	74.92%	97.21%	500	0.625%	8	April 2029
CIMIC FINANCE 500 USD	—	176,591	n.a.	102.13%	—	5.950%	10	November 2022
CIMIC 625	617,797	620,271	74.43%	100.06%	625	1.500%	8	May 2029

17.02. Loans and credit facilities

17.02.01. Loans and credit facilities

The detail of the bank borrowings at 31 December 2022 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Bank loans in euros	**504,844**	922,629	677,013	1,022,787	205,387	**2,827,816**
Foreign currency loans	**827,146**	1,124,111	318,057	281,715	83,041	**1,806,924**
Other financial debs	**5,687**	3,807	2,517	1,483	1,611	**9,418**
Total	**1,337,677**	**2,050,547**	**997,587**	**1,305,985**	**290,039**	**4,644,158**

The detail of the bank borrowings at 31 December 2021 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Bank loans in euros	**508,062**	1,747,892	502,281	83,491	1,056,896	**3,390,560**
Foreign currency loans	**596,766**	671,726	131,445	6,289	263,703	**1,073,163**
Other financial debs	**5,561**	5,068	3,328	1,235	383	**10,014**
Total	**1,110,389**	**2,424,686**	**637,054**	**91,015**	**1,320,982**	**4,473,737**

The ACS Group's most significant bank loans are as follows:

– ACS, Actividades de Construcción y Servicios, S.A. has a syndicated loan in the amount of EUR 2,100,000 thousand divided into two tranches (tranche A of the loan, drawn down in full, in the amount of EUR 950,000 thousand, and tranche B, a liquidity facility, in the amount of EUR 1,150,000 thousand), which matures on 13 October 2025 and was extended at the end of July 2021 for an additional year until 13 October 2026 (except for EUR 10 million maturing in 2025). No amount has been drawn down on the liquidity facility of tranche B as at 31 December 2022 and 2021. There have been no changes as regards the other terms.

– On 29 June 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.), as "Borrowers", signed a syndicated loan agreement with a group of international financial institutions, amounting to USD 270,000 thousand (EUR 253.141 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan accrues interest at a rate tied to the Libor. On 22 June 2021, an agreement was reached to roll over the above loan agreement, whereby the amount of the loan was simultaneously repaid in part and increased, resulting in a tranche A of USD 232,750 thousand (EUR 218,217 thousand) and a tranche B of USD 62,250 thousand (EUR 58,363 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 34,924 thousand) of tranche B to partially repay the initial amount. Both tranches had been drawn down in full at 2022 year-end. The total amount of the loan was USD 295,000 thousand (EUR 284,009 thousand). In addition, the maturity date was extended to 28 June 2026, the date on which it will be fully repaid, with the rest of the terms unchanged.

– On 20 December 2018, Dragados, S.A. entered into a syndicated transaction amounting to a total of EUR 323,800 thousand, which was divided into tranche A as a loan amounting to EUR 161,900 thousand and tranche B as a credit facility for the same amount as tranche A. Subsequently, on 19 December 2019, this agreement was renewed, and tranches A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. As at 31 December 2022, only EUR 231,900 thousand of tranche A had been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor. On 15 December 2022, an agreement was reached to roll over the financing agreement, extending by one year its previously maturity set for 20 December 2023; the new maturity date is 20 December 2024.

– To finance the payment obligation in relation to the takeover bid to acquire all of Cimic's shares, Hochtief took out a credit facility for transactions with a bank syndicate on 23 February 2022 for an amount of up to EUR 1,000 million with a term of one year (plus two options to extend the term by six months each). After a partial repayment of EUR 406 million on 17 June 2022 following the capital increase of Hochtief, A.G. on 8 June 2022, the facility was repaid in full in October 2022 through the commercial paper issue of October 2022 and existing liquidity (see Note 15.07).

– Hochtief, A.G. launched a commercial paper issue in October 2022 for a total of EUR 246 million. The commercial paper has staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The liquidity is used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.

- In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.
- Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on 14 December 2022. The tranche of AUD 950 million initially maturing in September 2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on 9 December 2025 and AUD 475 million maturing on 9 December 2027.
- The ACS Group held mortgage loans amounting to EUR 27,356 thousand at 31 December 2022 (EUR 31,290 thousand at 31 December 2021).
- At 31 December 2022, the Group companies had credit facilities with limits of EUR 7,641,384 thousand (EUR 7,211,379 thousand at 31 December 2021), of which EUR 5,302,975 thousand (EUR 5,590,790 thousand at 31 December 2021) was undrawn, which sufficiently covers the Group's needs as regards its short-term obligations.

The undrawn balances of the credit facilities granted to Group companies at 31 December 2022, by maturity, are as follows:

	Thousands of Euros					
	Current	No corriente				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Credit lines in euros	**652,976**	1,281,167	873,991	1,187,000	—	**3,342,158**
Credit lines in foreign currency	**462,250**	385,465	234,390	—	225,736	**845,591**
Total	**1,115,226**	**1,666,632**	**1,108,381**	**1,187,000**	**225,736**	**4,187,749**

The undrawn balances of the credit facilities granted to Group companies at 31 December 2021, by maturity, were as follows:

	Thousands of Euros					
	Current	No corriente				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Credit lines in euros	**1,025,081**	1,311,582	46,077	—	1,150,000	**2,507,659**
Credit lines in foreign currency	**1,431,864**	132,641	493,545	—	—	**626,186**
Total	**2,456,945**	**1,444,223**	**539,622**	**—**	**1,150,000**	**3,133,845**

At 31 December 2022, current and non-current bank borrowings in foreign currencies amounted to EUR 2,634,070 thousand (EUR 1,669,929 thousand at 31 December 2021), of which mainly EUR 1,513,950 thousand are in Australian dollars (EUR 767,133 thousand at 31 December 2021), EUR 882,100 thousand are in US dollars (EUR 797,320 thousand at 31 December 2021) and EUR 143,922 thousand are in Canadian dollars (EUR 47,521 thousand at 31 December 2021).

Foreign currency loans and credits are recognised at their equivalent euro value at each year-end, calculated at the exchange rates prevailing at 31 December (see Note 03.21).

In 2022 the Group's euro loans and credits bore average annual interest of 1.91% (1.12% in 2021). Foreign currency loans and credits bore average annual interest of 4.28% (1.30% in 2021).

In accordance with its risk management policy, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, limited recourse project financing, as described in Note 18) and current financing for the management of working capital. The effect of the changes in interest rates on finance costs are indicated in Note 21.

In 2022 and 2021, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. In addition, up to the date of the preparation of the Consolidated Annual Accounts, there was no significant non-compliance with its financial obligations. Accordingly, at 31 December 2022, the ACS Group met the significant ratios required by its financing agreements.

17.02.02. Financial liabilities classification

The classification of financial liabilities in accordance with IFRS 9 at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	Value at 31/12/2022	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	**8,878,681**	**—**	**—**	**8,878,681**
Debentures and other negotiable securities	3,920,911	—	—	3,920,911
Payables to credit institutions	4,634,740	—	—	4,634,740
Payables on lease of goods	9,418	—	—	9,418
Project financing and debt with limited resources	205,476	—	—	205,476
Other long-term financial payables not in banks	90,485	—	—	90,485
Long-term payables to group and associated companies	17,651	—	—	17,651
Short Term Financial Liabilities	**1,498,323**	**—**	**—**	**1,498,323**
Debentures and other negotiable securities	107,740	—	—	107,740
Payables to credit institutions	1,331,988	—	—	1,331,988
Payables on lease of goods	5,689	—	—	5,689
Project financing and debt with limited resources	33,666	—	—	33,666
Other short-term financial payables not in banks	16,750	—	—	16,750
Short-term payables to group and associated companies	2,490	—	—	2,490

	Thousands of Euros			
	Value at 31/12/2021	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	**8,717,354**	**—**	**—**	**8,717,354**
Debentures and other negotiable securities	4,096,426	—	—	4,096,426
Payables to credit institutions	4,463,725	—	—	4,463,725
Payables on lease of goods	10,012	—	—	10,012
Project financing and debt with limited resources	51,069	—	—	51,069
Other long-term financial payables not in banks	80,404	—	—	80,404
Long-term payables to group and associated companies	15,718	—	—	15,718
Short Term Financial Liabilities	**1,808,491**	**—**	**—**	**1,808,491**
Debentures and other negotiable securities	640,907	—	—	640,907
Payables to credit institutions	1,104,831	—	—	1,104,831
Payables on lease of goods	5,558	—	—	5,558
Project financing and debt with limited resources	18,472	—	—	18,472
Other short-term financial payables not in banks	35,287	—	—	35,287
Short-term payables to group and associated companies	3,436	—	—	3,436

The derivative financial instruments are broken down in Note 22.

18. Project finance with limited recourse

“Project finance with limited recourse” on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects.

The detail of this heading, by type of financed asset, at 31 December 2022 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	15,892	24,231	**40,123**
Solar Thermal Plants	13,336	173,677	**187,013**
Other infrastructures	4,438	7,568	**12,006**
Total	**33,666**	**205,476**	**239,142**

The detail of this heading, by type of financial asset, at 31 December 2021 was as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	10,583	39,803	**50,386**
Other infrastructures	7,889	11,266	**19,155**
Total	**18,472**	**51,069**	**69,541**

The detail, by maturity, of non-current financing at 31 December 2022 and 2021 is as follows:

	Thousands of Euros				
	Maturity in				
	2024	2025	2026	2027 and subsequent years	Total
Balance at 31 December 2022	29,629	30,764	15,992	129,091	**205,476**

	Thousands of Euros				
	Maturity in				
	2023	2024	2025	2026 and subsequent years	Total
Balance at 31 December 2021	19,637	16,613	14,819	—	**51,069**

The Group has arranged various interest rate hedges in connection with the above financing (see Note 22).

The average interest rate for this type of project financing amounted to an annual 3.21% in 2022 and 4.63% in 2021.

The debts relating to limited recourse financing are secured by project assets and include clauses requiring that certain ratios be achieved by the project, which were being met in all cases at the date of authorisation for issue of these Annual Accounts. Except as specifically mentioned in the previous paragraphs in relation to each of the most relevant financing, there were no guarantees in the form of collateral at 31 December 2022 and 2021.

In 2022 and 2021 the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. In addition, up to the date of the preparation of these Consolidated Annual Accounts, there was no significant non-compliance with its financial obligations.

19. Other financial liabilities

The breakdown of the balances of this heading in the consolidated statements of financial position at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	Balance at 31/12/2022		Balance at 31/12/2021	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	17,341	3,595	20,754	4,424
Payable to associates	17,651	2,594	15,717	2,406
Other	73,144	13,051	59,651	31,893
Total	**108,136**	**19,240**	**96,122**	**38,723**

The amount corresponding to “Other financial liabilities” in the consolidated statement of financial position mainly includes the financing obtained from public bodies in various countries to carry out certain infrastructure projects, which most notably includes the participating loan from the Spanish State granted to Autovía Medinaceli-Calatayud Sociedad Concesionaria del Estado, S.A., with an outstanding amount at 31 December 2022 of EUR 52,498 thousand (EUR 52,498 thousand at 31 December 2021) to finance the rebalancing achieved in 2011, and that matures during the remaining term of the concession (2026).

“Non-bank borrowings at a reduced interest rate” are loans at reduced or zero interest rates granted by the Ministry of Economy, Industry and Competition and dependent agencies. The effect of the financing at market interest rates would not be material.

20. Provisions

20.01. Non-current

The changes in non-current provisions in 2022 were as follows:

NON-CURRENT	Thousands of Euros					
	Provision for pensions and similar obligations	Personnel-related Provisions	Provision for taxes	Provision for third-party liability	Provisions for actions on infrastructure	Total
Balance at 31 December 2021	**441,373**	**169,885**	**656**	**1,219,313**	**4,040**	**1,835,267**
Additions or charges for the year	8,790	5,309	—	116,635	3,336	134,070
Amounts used	4,123	(63,797)	(1)	(50,821)	—	(110,496)
Reversals	1	(145)	(7)	(98,276)	(997)	(99,424)
Increases due to the passing of time and the effect of exchange rates on discount rates	(199,506)	—	—	77	—	(199,429)
Exchange differences	3,760	10,295	—	15,567	—	29,622
Transfers and changes in the consolidation perimeter	91	(7,677)	—	8,106	—	520
Transfers	(1)	(4)	—	(41,034)	—	(41,039)
Balance at 31 December 2022	**258,631**	**113,866**	**648**	**1,169,567**	**6,379**	**1,549,091**

The decrease in provisions for pensions and similar obligations has mainly been the result of Hochtief increasing the discount rate used to measure its pension obligations (see Note 20.01.01) in Germany, the United States and the United Kingdom to 4.16%, 5.10% and 5.05%, respectively, at 31 December 2022 (1.31%, 2.64% and 1.80%, respectively, at 31 December 2021).

The Group companies recognise provisions on the liability side of the accompanying consolidated statement of financial position for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity. These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement. The reduction between years is mainly due to the reassessment carried out to cover operating risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold.

Following is detailed information on the Group's provisions, distributed into three large groups:

20.01.01 Provisions for pensions and similar obligations

On the one hand, defined benefit pension obligations were entered into by companies included in the group as a result of the merger by absorption of the Dragados Group in 2003. These obligations were externalised through group life insurance policies, in which investments have been assigned whose flows coincide in timing and amount with the payment schedule of the insured benefits. Based on the valuation made, at 31 December 2022 the amounts required to cover the obligations to current and retired employees amounted to EUR 4,002 thousand (EUR 4,552 thousand in 2021) and EUR 124,451 thousand (EUR 130,707 thousand in 2021), respectively. The actuarial assumptions used in the 2022 and 2021 valuations detailed above, are as follows:

Actuarial assumptions	2022	2021
Annual rate of increase of maximum social security pension deficit	8.50%	2.00%
Annual wage increase	2.35%	2.35%
Annual CPI growth rate	8.50%	2.00%
Mortality table (*)	PER2020_Col_1er.orden	PER2020_Col_1er.orden

(*) Guaranteed assumptions which will not vary

The interest rates applied since the pension obligations were externalised ranged from a maximum of 5.93% to a minimum 0.01%. The interest rate applied in 2022 was 2.04% (0.01% in 2021).

The amounts relating to the above pension obligations, recognised under "Personnel expenses" in the consolidated income statement for 2022, gave rise to an expense of EUR 179 thousand in 2022 (expense of EUR 10 thousand in 2021), relating mainly to the regularisation and redemption of the pension obligation, for unpaid income accrued, of a certain group of employees from the Dragados Group.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other Group companies have alternative pension system obligations to certain members of the management team and Board of Directors of the Parent Company. These obligations have been formalised through several group savings insurance policies that provide benefits in the form of a lump sum, which represented a contribution of EUR 4,009 thousand in 2022 and was recognised under "Personnel expenses" in the consolidated statement of financial position for the year. In 2021, the contribution in this connection amounted to EUR 4,714 thousand.

Except as indicated above, in general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the consolidated text of the Spanish Pension Fund and Plan Act (*"Ley de Regulación de los Planes y Fondos de Pensiones"*), in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees. The Group has no liability in this connection.

Provisions for pensions and similar obligations at the Hochtief Group

Some of the Group's foreign companies have agreed to supplement the retirement benefit and other similar obligations to its employees, including those from the Hochtief Group. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under “Non-current provisions – Provisions for pensions and similar obligations” in the accompanying consolidated statement of financial position, in accordance with IFRS.

Defined benefit plans

Under defined benefit plans, the Group’s obligation is to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct obligations under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan, in force since 1 January 2000, takes the form of a defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by Hochtief A.G. every three years and adjusted as necessary. The amount of the future pension is the total sum of the pension components accrued each year. In isolated instances, length-of-service and final salary pension arrangements are in place for executive staff, however, these arrangements have not been offered since 1995, except for Executive Board members. Benefits comprise a retirement pension, an invalidity pension and a surviving dependants’ pension and in almost all cases are granted as a life annuity.

Up until 31 December 2013, employees in Germany also had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of the acquired fund units and the time of retirement, subject to a minimum of the deferred compensation amount plus an annual increase guaranteed by Hochtief that ranges from 3.50% to 1.75%. At retirement, there is a choice between a lump sum payment and a recurring payment for five or six years.

Outside of Germany, there are defined benefit pension plans at Turner in the United States and Hochtief (UK) in the United Kingdom. The main defined benefit pension plan at Turner was partially settled and transferred in part to insurance companies as at 30 September 2021. The remaining obligations at Turner mainly include post-employment benefits in the form of health insurance for retired employees. Hochtief (UK) has a length-of-service and final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise a retirement pension, an invalidity pension and a surviving dependants’ pension.

The detail of the Hochtief Group’s defined benefit obligations as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros		
	31/12/2022		
	Germany	USA	UK
Active members	69,823	176	6,090
Final salary	10,141	—	6,090
Not final salary	59,682	176	—
Vested benefits	88,415	8	11,968
Retirees	397,699	541	17,807
Similar obligations	73	50,285	—
Total	**556,010**	**51,010**	**35,865**
Duration in years (weighted)	**11.2**	**11.0**	**12.1**

	Thousands of Euros		
	31/12/2021		
	Germany	USA	UK
Active members	141,511	174	11,099
Final salary	31,832	—	11,099
Not final salary	109,679	174	—
Vested benefits	155,684	9	20,572
Retirees	483,991	592	26,505
Similar obligations	86	62,572	—
Total	**781,272**	**63,347**	**58,176**
Duration in years (weighted)	**14.6**	**13.8**	**17.4**

Plan assets

Germany

There are no legal or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are fully funded. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are managed by an external trustee and are solely used to fund the domestic pension obligations of the fund. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement and the investment guidelines. Investment decisions are not taken by the trustee, but rather by an investment committee.

The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three or five years. This uses the Monte Carlo simulation method to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation to ensure that pension liabilities can be met in the long term.

To achieve an optimal conservative risk structure, cross-sector risk management has also been adopted, which uses the services of an independent external cross-sector manager with an annual fixed risk budget in a clearly structured cross-sector risk management process. Hochtief aims to ensure the full funding of pension obligations and to fund new vested benefits on the basis of current service cost on an annual or at least timely basis. If at any time there is a shortfall, the companies would make an additional payment. Pension obligations in Germany in excess of the contribution assessment ceiling applied in the legal pension insurance scheme are also covered through pension liability insurance. Pension liabilities from deferred employee compensation offered up until 31 December 2013 were funded through the purchase of retail fund units. Funding of the obligations handled by Hochtief Pension Trust e.V. as at 31 December 2022 is around 59% (47% in 2021); the figure for Germany as a whole is around 67% (53% in 2021). The increase in funding ratios is mainly due to higher interest rates in the capital markets and the resulting decline in the present value of pension liabilities.

US

The defined benefit obligations in the Turner Group that were settled or transferred to insurance companies in 2021 were also managed in a pension fund. The plan assets were therefore used to make lump sum payments to insurance companies and beneficiaries. Upon completion of the audit of the closure by the Pension Benefit Guaranty Corporation (PBGC) of the defined benefit plan, the remaining surplus will be allocated to the benefits under the defined contribution plan.

United Kingdom

The plan assets of the Hochtief (UK) plan are also funded by means of a trust. Legal minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at Hochtief (UK) is around 82% (83% in 2021).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	51,010	—	63,347	—
Partially covered by plan assets	534,058	326,528	837,443	459,417
Not fully covered by plan assets	**585,068**	**326,528**	**900,790**	**459,417**
Fully covered by plan assets	57,817	73,813	2,005	2,418
Total	**642,885**	**400,341**	**902,795**	**461,835**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2022 and 2021 are as follows:

	Percent					
	2022			2021		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	4.16	5.10	5.05	1.31	2.64	1.80
Salary increases	2.75	—	2.45	2.75	—	2.50
Pension increases*	2.25	—	3.35	1.75	—	3.45

* Weighted average

The discount factors are obtained from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the US (Turner Group) in 2004 as a result of changes in pension arrangements.

Biometric mortality assumptions are based on published country-specific statistics and experience. The following mortality tables were used in the actuarial calculation of pension obligations:

Germany	Heubeck 2018 G mortality tables
USA	PRI2012 mortality table projected generationally with MP 2020
UK	S3PMA / S3PFA_M CMI_2021 (1,25 %) year of birth

The present value of defined benefit obligations and the market value of plan assets have changed as follows:

Changes in the present value of defined benefit obligations

	Thousands of Euros					
	2022			2021		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**781,272**	**121,523**	**902,795**	**818,449**	**332,957**	**1,151,406**
Current service costs	6,321	2,469	8,790	7,126	2,780	9,906
Gain on settlements	—	—	—	—	(557)	(557)
Interest expense	9,998	2,850	12,848	7,999	5,837	13,836
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	—	(47)	(47)	—	(8,996)	(8,996)
Actuarial gains / (losses) arising from changes in financial assumptions	(207,724)	(39,595)	(247,319)	(16,019)	(5,940)	(21,959)
Actuarial gains / (losses) arising from experience adjustments	1,857	2,164	4,021	422	1,274	1,696
Benefits paid from Company assets	(249)	(2,979)	(3,228)	(391)	(3,606)	(3,997)
Benefits paid from fund assets	(35,441)	(1,426)	(36,867)	(36,263)	(24,943)	(61,206)
Settlements paid from Company assets	—	—	—	—	(74)	(74)
Settlements paid from funds assets	—	—	—	—	(194,470)	(194,470)
Employee contributions	—	75	75	—	83	83
Effect of transfers	(24)	—	(24)	(51)	—	(51)
Changes in the consolidation perimeter	—	—	—	—	—	—
Currency adjustments	—	1,841	1,841	—	17,178	17,178
Defined benefit obligations at end of year	**556,010**	**86,875**	**642,885**	**781,272**	**121,523**	**902,795**

Changes in the market value of plan assets

	Thousands of Euros					
	2022			2021		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**413,613**	**48,222**	**461,835**	**418,566**	**267,409**	**685,975**
Interest on plan assets	5,392	861	6,253	4,161	4,196	8,357
Plan expenses paid from plan assets recognized in profit or loss	—	—	—	—	(958)	(958)
Remeasurements						
Return on plan assets no included in net interest expense / income	(18,429)	(18,666)	(37,095)	20,871	(4,246)	16,625
Difference between plan expenses expected and recognized in profit or loss	—	—	—	—	(967)	(967)
Employer contributions	5,963	2,096	8,059	6,286	2,108	8,394
Employee contributions	—	75	75	—	83	83
Benefits paid	(35,441)	(1,426)	(36,867)	(36,263)	(24,943)	(61,206)
Settlements paid	—	—	—	—	(194,470)	(194,470)
Transfer of plan surplus after plan settlement	—	—	—	—	(11,679)	(11,679)
Effect of transfers	—	—	—	(8)	—	(8)
Currency adjustments	—	(1,919)	(1,919)	—	11,689	11,689
Plan assets at end of year	**371,098**	**29,243**	**400,341**	**413,613**	**48,222**	**461,835**

Investments in plan assets to cover future pension obligations gave rise to an actual expenditure of EUR 30,842 thousand in 2022 (EUR 24,982 thousand in 2021).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2022	31/12/2021
Defined benefit obligations	642,885	902,795
Less plan assets	400,341	461,835
Funding status	**242,544**	**440,960**
Assets from overfunded pension plans	15,996	413
Provision for pensions and similar obligations	**258,540**	**441,373**

The fair value of the plan assets is divided among asset classes as follows:

Breakdown of plan assets

	Thousands of Euros			
	31/12/2022			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	28,447	—	28,447	7.11
European equities	9,016	—	9,016	2.25
Emerging market equities	9,664	—	9,664	2.41
Other equities	5,642	—	5,642	1.41
Bonds				
U.S. government bonds	11,529	1,067	12,596	3.15
European government bonds	17,475	—	17,475	4.37
Emerging market government bonds	14,096	—	14,096	3.52
Corporate bonds	53,506	—	53,506	13.37
Other bonds	2,583	948	3,531	0.88
Secure loans				
Europe	8,254	—	8,254	2.06
Investment bonds	57,019	—	57,019	14.24
Real state	—	52,969	52,969	13.23
Infrastructure	—	38,700	38,700	9.67
Insurance policies	—	77,986	77,986	19.48
Cash	10,460	—	10,460	2.61
Other	894	86	980	0.24
Total	**228,585**	**171,756**	**400,341**	**100.00**

	Thousands of Euros			
	31/12/2021			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	30,886	—	30,886	6.69
European equities	22,940	—	22,940	4.97
Emerging market equities	7,913	—	7,913	1.71
Other equities	9,719	—	9,719	2.10
Bonds				
U.S. government bonds	13,585	1,094	14,679	3.18
European government bonds	20,626	—	20,626	4.47
Emerging market government bonds	20,419	—	20,419	4.42
Corporate bonds	67,571	—	67,571	14.63
Other bonds	2,070	782	2,852	0.62
Secure loans				
USA	8,392	—	8,392	1.82
Europe	8,550	—	8,550	1.85
Investment bonds	60,807	—	60,807	13.17
Real state	—	57,081	57,081	12.36
Infrastructure	—	40,539	40,539	8.78
Insurance policies	—	79,472	79,472	17.21
Cash	8,795	—	8,795	1.90
Other	764	(170)	594	0.13
Total	**283,037**	**178,798**	**461,835**	**100.00**

Pension expenses under defined benefit plans are broken down as follows:

	Thousands of Euros					
	2022			2021		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	6,321	2,469	8,790	7,126	2,780	9,906
Post service cost	—	—	—	—	—	—
Gain on settlements	**—**	**—**	**—**	**—**	**(557)**	**(557)**
Total personnel expense	**6,321**	**2,469**	**8,790**	**7,126**	**2,223**	**9,349**
Interest expense for accrued benefit obligations	9,998	2,850	12,848	7,999	5,837	13,836
Interest on plan assets	**(5,392)**	**(861)**	**(6,253)**	**(4,161)**	**(4,196)**	**(8,357)**
Net interest expense / income (net investment and interest income)	**4,606**	**1,989**	**6,595**	**3,838**	**1,641**	**5,479**
Plan expenses paid from plan assets recognized in profit or loss	**—**	**—**	**—**	**—**	**958**	**958**
Total amount recognized in profit or loss	**10,927**	**4,458**	**15,385**	**10,964**	**4,822**	**15,786**

In addition to the expenses recognised in the income statement, the consolidated statement of comprehensive income includes EUR 197,747 thousand (EUR 32,173 thousand in 2021) in adjustments to defined benefit plans in 2022 before deferred taxes and after changes in the consolidation perimeter and exchange rate. Before deferred taxes, cumulative actuarial losses amounted to EUR 307,857 thousand (EUR 505,604 thousand in 2021).

The Turner Group's obligations to meet healthcare costs for retired employees are included in the pension provisions due to their pension-like nature. At 31 December 2022, the defined benefit obligation came to EUR 50,285 thousand (EUR 62,572 thousand in 2021). Healthcare costs represented EUR 2,235 thousand (EUR 2,522 thousand in 2021) of the current service cost and EUR 1,811 thousand (EUR 1,670 thousand in 2021) of the interest expense.

Sensitivity analysis

Pension obligations in the Hochtief Group are subject to the following significant risks:

Interest rate risk

For defined contribution plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes as regards the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of interest rates in capital markets. This has a significant impact due to the relatively long term of the obligations.

Inflation risk

By law, company pensions in Germany must be raised in line with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at an annual fixed rate of 1% and, therefore, there is only minor inflation risk in the payment phase. Turner's pension plans are not exposed to inflation risk.

Longevity risk

Granting pensions in the form of life annuities means that Hochtief bears the risk of pensioners living longer than predicted by actuarial calculations. This risk normally averages out across all pension plan participants and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligations

	Thousands of Euros					
	31/12/2022					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(29,923)	32,583	(4,742)	5,226	(34,665)	37,809
Discount rate +1,00% / -1,00%	(57,017)	69,756	(9,060)	10,999	(66,077)	80,755
Salary increases +0,50% / -0,50%	296	(288)	202	(196)	498	(484)
Pension increases +0,25% / -0,25%	11,013	(10,623)	782	(758)	11,795	(11,381)
Life expectancy +1 year	24,408	n/a	2,240	n/a	26,648	n/a

	Thousands of Euros					
	31/12/2021					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(53,814)	60,436	(8,880)	10,011	(62,694)	70,447
Discount rate +1,00% / -1,00%	(101,569)	130,211	(16,782)	21,334	(118,351)	151,545
Salary increases +0,50% / -0,50%	589	(571)	563	(521)	1,152	(1,092)
Pension increases +0,25% / -0,25%	20,211	(19,268)	1,425	(1,397)	21,636	(20,665)
Life expectancy +1 year	40,407	n/a	3,858	n/a	44,265	n/a

Future cash flows

Benefit payments

At 31 December 2022, the future pension plan payments are as follows:

	Thousands of Euros
Due in 2023	41,571
Due in 2024	41,207
Due in 2025	41,841
Due in 2026	42,472
Due in 2027	42,192
Due in 2028 to 2032	206,047

Contributions to defined benefit plans

Contributions to defined benefit plans in 2023 are expected to amount to EUR 5,779 thousand.

Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with legal or contractual provisions. It has no obligation to pay further contributions.

There are defined contribution plans at Turner, Flatiron and E.E. Cruz in the US, and at Cimic in Australia. Depending on length of service, Turner pays between 3% and 9% of the employee's salary into external funds managed by the defined contribution registrar. In addition, Turner employees have the option to defer a portion of their base salary up to the IRS annual limits in the defined contribution or 401(k) plan. Turner then matches the first 5% of the employee's base salary up to 100%, depending on length of service. All eligible employees are automatically enrolled in the plan immediately after being hired and are vested in the company's contributions after three years of service. The majority of payments into the fund are tax exempt, but it is also possible to make contributions out of taxable income and receive the investment returns tax free, with the investment risk being borne by the employees. The defined contribution plans at Flatiron and E.E. Cruz are also 401(k) plans. All non-union US employees are entitled to participate. A "safe harbour" contribution of 3.0% of employees' eligible compensation is made, regardless of the contribution they make. If employees contribute 3% or more out of their own pocket, the company will contribute up to 3.0% to reach 100%. The company's contribution is vested at an annual 33% and is fully vested after three years of service. For office workers at Flatiron, 4.0% of their eligible compensation is deducted as a contribution payment, regardless of their own participation in the plan. Employer contributions are immediately vested. In Australia, Cimic has paid 10.50% (previously 10.00%) of the total wages and salary into the legal (retirement) pension plan since 1 July 2022. The contribution rate is expected to gradually increase up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. In addition, they can make supplementary contributions on a voluntary basis, which are tax exempt.

The following amounts were paid into defined contribution plans and state pension schemes in 2022 and 2021:

	Thousands of Euros	
	2022	2021
Amounts paid into defined contribution plans		
Cimic	117,126	103,088
Turner	65,270	55,001
Flatiron	10,673	8,805
Other	1,014	979
Total	**194,083**	**167,873**
Amounts paid into state pension schemes (employer share)	**24,268**	**26,419**

The expenses are recognised as personnel expenses in the consolidated income statement.

20.01.02. Provisions for taxes

Non-current provisions include the amounts estimated by the Group to settle claims brought in connection with the payment of various taxes, levies and local taxes, mainly property tax and other possible contingencies, and the estimated consideration required to settle probable or certain liabilities and outstanding obligations for which the exact amount of the corresponding payment cannot be determined or for which the actual settlement date is not known, since they are contingent upon meeting certain terms. These provisions have been provided in accordance with the specific analysis of the probability that the related tax contingency or challenge might be contrary to the interests of the ACS Group, under the consideration of the country in which it has its origin and in accordance with the tax rates in this country. Since the timing for these provisions is dependent on certain facts, in some cases associated with the decisions handed down by the courts or similar bodies, the Group does not update these provisions given the uncertainty of the exact time in which the related risk may arise or disappear.

20.01.03. Provisions for third-party liability

These relate mainly to the following:

Provisions for litigation

These provisions cover the contingencies of the ACS Group companies that are party to certain legal proceedings due to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, represent scantly material amounts when considered individually based on the size of the ACS Group. Period charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the ACS Group. As in the case of provisions for taxes, these amounts are not updated since the time at which the associated risk arises or disappears depends on circumstances linked to court rulings or arbitration decisions and it is impossible to determine the date on which they will be handed down. Additionally, these provisions are not derecognised until the judgments handed down are final and payment is made or there is no doubt as to the disappearance of the associated risk. The reduction between years is mainly due to the reassessment carried out to cover operating risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold. Note 36 refers to the ACS Group's main contingencies.

Guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature. A significant portion of these provisions is made by increasing the value of those assets related to the obligations assumed in relation to administrative concession activities at the beginning of the contractual agreement, which affect profit or loss when the asset concerned is depreciated in accordance with the depreciation rates. Additionally, it includes provisions for toll road concession operators, in relation to the costs of future expropriations borne by the concession operators in accordance with agreements reached with the grantors, and the current value of the investments made in concession arrangements (including improvements to infrastructure already foreseen and unavoidable in the initial agreement), according to the respective financial and economic models.

Period charges to these provisions are mainly made to cover the costs associated with toll road concession arrangements and other activities undertaken in the form of a concession. These provisions are made when the associated commitments arise, with the timing of their use being associated with the use of the infrastructure and/or its wear. Timing is analysed according to the financial and economic model of each concession, considering related historical information to adjust for possible deviations that might arise in the payment schedule set for these models.

The breakdown of provisions for third-party liabilities, by line of business, at 31 December 2022 is as follows:

Line of Business	Thousands of Euros
Construction	313,403
Concessions	162,688
Services	29,923
Corporation and others	663,553
Total	**1,169,567**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2022 amounting to EUR 289,925 thousand (EUR 287,968 thousand at 31 December 2021). These provisions include provisions for claims in the amount of EUR 259,091 thousand (EUR 215,432 thousand at 31 December 2021) and consist of provisions for claims and provisions for incurred but not reported claims (IBNR). The amount of this IBNR provision is calculated on an annual basis by an external actuary, mainly under the assumption of long-term claims.

20.02. Current

The changes in current provisions in 2022 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operatons	Total
Balance at 31 December 2021	**1,387**	**36,985**	**958,192**	**996,564**
Additions or charges for the year	1,196	13,047	368,808	383,051
Amounts used	—	(6,431)	(375,643)	(382,074)
Reversals	(1,951)	(8,984)	(87,493)	(98,428)
Exchange differences	88	(52)	24,965	25,001
Changes in the consolidation perimeter	—	—	466	466
Transfers	—	2,010	41	2,051
Balance at 31 December 2022	**720**	**36,575**	**889,336**	**926,631**

The provision for the completion of the corresponding work, which is for the most part the budgeted or estimated losses during the execution of the works associated with onerous contracts.

The provision for other ordinary operations relates mainly to provisions recorded for the construction activities to cover risks and claims associated with the works.

21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro.

The main objective of financial risk management is to safeguard the ACS Group's liquidity at all times. For the ACS Group, liquidity does not only mean solvency in the strict sense of the term, but also the long-term availability of the financial margin necessary for core operating activities. Consequently, the Group assess the risks arising from market performance and how they may affect the consolidated financial statements. The objective is to minimise any financial risks that may affect the value and profitability of the ACS Group. Risk minimisation does not mean eliminating all financial risk, but rather substantially reducing it with specific limits with quantifiable financial risk exposure at any given time. This serves to ensure a quick and adaptive response should any unforeseen situations arise.

The financial risks to which the operating units are subject include mainly interest rate, foreign currency, liquidity and credit risks. The ACS Group's exposure to climate risk is described in Note 21.08 and in the ACS Group's Directors' Report (especially in the Non-Financial Information Statement).

21.01. Cash flow interest rate risk

This risk arises from changes in future cash flows relating to borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. For this purpose, financial derivatives that guarantee fixed interest rates or rates with caps and floors are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

The sensitivity of the ACS Group's profit and equity to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, is as follows:

Year	Increase / Decrease in the interest rate (basic points)	Thousands of Euros	
		Effect on profit or loss	Effect on equity
		(prior to tax)	(after tax)
2022	50	22,614	22,995
	-50	(22,614)	(22,995)
2021	50	28,244	25,743
	-50	(28,244)	(25,743)

21.02. Foreign currency risk

Foreign currency risk arises mainly from the foreign operations of the ACS Group, which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavours to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five per cent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax:

		Millions of Euros			
		2022		2021	
Functional currency	Currency	5%	-5%	5%	-5%
AUD	USD	9.7	-9.7	1.0	-1.0
EUR	USD	-5.4	5.4	-12.0	12.0
CZK	EUR	3.0	-3.0	3.2	-3.2
EUR	CAD	-2.9	2.9	-5.3	5.3
AUD	EUR	1.8	-1.8	0.3	-0.3
EUR	PLN	1.4	-1.4	—	—
USD	EUR	0.9	-0.9	-5.0	5.0
EUR	MXN	0.9	-0.9	2.7	-2.7

Effect on equity before tax:

		Millions of Euros			
		2022		2021	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	97.8	-97.8	87.3	-87.3
AUD	EUR	-30.7	30.7	32.1	-32.1
EUR	CAD	20.1	-20.1	13.9	-13.9
EUR	GBP	12.1	-12.1	15.4	-15.4
EUR	MXN	11.1	-11.1	9.7	-9.7
AUD	USD	7.0	-7.0	0.9	-0.9
EUR	PEN	6.8	-6.8	6.6	-6.6
EUR	NOK	5.2	-5.2	4.9	-4.9

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

At 31 December 2022

	Millions of Euros							
	US Dollar (USD)	Polish zloty (PLN)	Pound sterling (GBP)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2022
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	—	—	568,900	—	568,900
Loans to associates	31,684	—	38,779	—	—	15,434	1,177	87,074
Other loans	38,610	1	—	—	—	—	4,205	42,816
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	327,414	1,027	35,655	—	—	1,443,855	617,704	2,425,655
Bank borrowings, debt, and other held-for-trading liabilities (current)	502,054	13,848	32,949	—	52,254	70,189	157,756	829,050

At 31 December 2021

	Millions of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2021
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	—	—	53,903	—	53,903
Loans to associates	849,274	—	37,477	—	—	68,400	1,551	956,702
Other loans	20,517	—	—	—	—	—	4,153	24,670
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	277,758	2,762	28,273	—	—	767,133	620,385	1,696,311
Bank borrowings, debt, and other held-for-trading liabilities (current)	470,213	18,942	11,190	1,564	49,403	176,591	47,680	775,583

21.03. Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group's ordinary operations, various forms of bank financing, capital market transactions and divestments.

The ACS Group has a policy for proactively managing its liquidity risk, closely monitoring its cash and the maturity of its financial obligations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. Noteworthy in this connection is the use of limited recourse project financing, as described in Note 18, and current financing for working capital.

Certain transactions were carried out in 2022 that significantly reduced the liquidity risk of the ACS Group. The following stand out:

– ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) programme for EUR 500 million, and the debt issuance programme known as Euro Medium-Term Note Programme (EMTN Programme) for a maximum amount of EUR 1,500 million. In addition, a private placement bond was issued in 2022 for EUR 37 million and maturing in November 2026.

– Hochtief increased its share capital by just under 10% through a monetary contribution using authorised capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights, of which ACS, Actividades de Construcción y Servicios, S.A. was allocated 85% of the total number of new shares. The net proceeds from the capital increase were used to strengthen the equity base by repaying part of the financing obtained for the full acquisition of Cimic.

– Hochtief, A.G. launched a commercial paper issue in October 2022 for a total of EUR 246 million. The commercial paper has staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The proceeds are used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.

– In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.

– Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on 14 December 2022. The tranche of AUD 950 million initially maturing in September

2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on 9 December 2025 and AUD 475 million maturing on 9 December 2027.

These refinancing transactions improved the liquidity of the ACS Group's operations, which, combined with the funds generated by its activities, will allow it to adequately fund its operations in 2023.

The credit rating agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A. a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

At 31 December 2022, "Other current financial assets" in the consolidated statement of financial position (see Note 10) amounted to EUR 1,180,617 thousand (EUR 1,280,079 thousand at 31 December 2021), of which EUR 603,231 thousand (EUR 689,171 thousand at 31 December 2021) could be settled in less than three months, if the Group chooses to do so, due to the instrument's own liquid nature or its own term. In addition, the fair value of the forward contracts (settled by differences) relating to ACS shares amounting to EUR 239,178 thousand at 31 December 2022 (EUR 198,842 thousand at 31 December 2021) are considered to be liquid, since they may be disposed of at any time (see Note 22).

In relation to liquidity risk, it should be noted that at the Annual General Meeting held on 8 May 2020, the shareholders agreed to delegate to the Board of Directors, in accordance with section 297.1(b) of the consolidated text of the Corporate Enterprises Act, the power to increase, on one or more occasions, the Company's share capital up to a maximum of 50% of the share capital, as of the date of the Meeting, within a maximum period of five years from the date of this General Meeting (see Note 15.01).

Lastly, as a precautionary measure against this risk, the shareholders at the ACS Group's Annual General Meeting held on 10 May 2019 approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following 10 May 2019, securities convertible into and/or exchangeable for shares of the Company, and warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of the Company's shares, for a total amount of up to EUR 3,000 million; and the power to increase the share capital by the necessary amount, along with the power to exclude, where appropriate, the pre-emption rights up to a limit of 20% of the share capital, as indicated in Note 15.01.

21.04. Credit risk

The ACS Group is exposed to credit risk arising from its operations and certain financial activities. The objective of credit risk management is to reduce the impact of customer defaults as far as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. When contracts are being performed, the credit quality of the outstanding amounts receivable is periodically evaluated and the estimated recoverable amounts of doubtful receivables are adjusted and written down with a charge to profit and loss for the year. The credit risk has historically been very limited.

In addition, the ACS Group is exposed to the risk of potential non-compliance by its counterparties in transactions involving financial derivatives and cash placement. Corporate management of the ACS Group establishes counterparty selection criteria based on the credit quality of the financial institutions, which translates into a portfolio of entities of high quality and solvency.

The status of trade and other receivables that are past due but not impaired as at 31 December 2022 and 2021 is detailed below:

	Thousands of Euros			
	31/12/2022			
	< 30 days	between 30 and 90 days	> 90 days	Total
Total	**228,885**	**62,369**	**336,710**	**627,964**

	Thousands of Euros			
	31/12/2021			
	< 30 days	between 30 and 90 days	> 90 days	Total
Total	**132,219**	**52,771**	**308,090**	**493,080**

The directors consider that these past-due balances, particularly those related to public bodies — over which there are rights to demand payment for interest —, would not entail significant losses for the Group considered on an individual basis.

21.05. Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

In 2022, the exposure in derivative agreements related to remuneration systems and in forward contracts settled by differences tied to the performance of the ACS, Actividades de Construcción y Servicios, S.A. share price (see Note 22) is noteworthy. Equity swaps eliminate the uncertainty regarding the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has an effect on the consolidated income statement (positive in the case of an increase in share price up to the strike value offered to the beneficiaries and negative if this is not the case).

Changes in the price of the shares of listed companies, with regard to which the ACS Group has derivative instruments, financial investments, etc., will have an impact on its consolidated income statement.

21.06. Capital management

The ACS Group's objectives in relation to capital management are to maintain an optimum financial and equity structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue to operate with sufficiently sound debt-equity ratios.

The capital structure is controlled mainly through the debt-equity ratio, calculated as net financial debt divided by equity. Net financial debt is taken to be:

+ Net debt with recourse:
  + Non-current bank borrowings
  + Current bank borrowings
  + Issue of bonds and debentures
  – Cash and other current financial assets

+Debt from project finance and debt with limited recourse.

The Group's directors consider that the gearing ratio at 31 December 2022 and 2021 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Net recourse debt / (cash)	**(463,147)**	**(2,078,181)**
Non-current bank borrowings (Note 17.02)	4,644,158	4,473,737
Current bank borrowings (Note 17.02)	1,337,676	1,110,389
Issue of bonds and debentures (Note 17.01)	4,028,652	4,737,333
Other financial liabilities (Note 19)	127,376	134,844
Long term deposits, other current financial assets and cash	(10,601,009)	(12,534,484)
Project financing (Note 18)	**239,142**	**69,541**
Net financial debt / (Net Cash)	**(224,005)**	**(2,008,640)**
Equity (Note 15)	**6,375,877**	**7,028,203**

21.07. Estimate of fair value

The detail at 31 December 2022 and 2021 of the ACS Group's assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 03.08.06, is as follows:

	Thousands of Euros			
	Value at 31/12/2022	Level 1	Level 2	Level 3
Assets	**2,004,033**	**1,020,410**	**471,421**	**512,202**
Equity instruments	766,181	596,036	8,689	161,456
Loans to third parties	328,936	—	—	328,936
Debt securities	522,077	424,157	97,920	—
Other financial assets	21,810	—	—	21,810
Derivative financial instruments				
Non-current	112,190	3	112,187	—
Current	252,839	214	252,625	—
Liabilities	**155,106**	**609**	**150,655**	**3,842**
Derivative financial instruments				
Non-current	23,569	—	19,727	3,842
Current	131,537	609	130,928	—

	Thousands of Euros			
	Value at 31/12/2021	Level 1	Level 2	Level 3
Assets	**1,290,807**	**575,259**	**335,844**	**379,704**
Equity instruments	265,904	180,441	10,104	75,359
Loans to third parties	223,436	—	—	223,436
Debt securities	508,106	394,754	113,352	—
Other financial assets	80,909	—	—	80,909
Derivative financial instruments				
Non-current	11,577	7	11,570	—
Current	200,875	57	200,818	—
Liabilities	**205,841**	**526**	**196,990**	**8,325**
Derivative financial instruments				
Non-current	33,050	292	24,433	8,325
Current	172,791	234	172,557	—

Level 2 of the Fair Value Measurement Hierarchy includes all the ACS Group's financial derivatives and other financial assets and liabilities that are not listed on organised markets. They are measured internally on a quarterly basis, using standard valuation techniques used in financial markets, compared against valuations received from counterparties when necessary.

It should be noted that, depending on the nature of the derivative, the following methodologies are used:

- Interest rate hedges are measured using the zero-coupon rate curve, determined based on the deposits and rates traded on the market at the reporting date to obtain discount factors and applying it to the schedule of future flows from collections and payments.
- Derivatives where the underlying asset is quoted on an organised market and that are not qualified as hedges are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility, repo costs, market interest rates and estimated dividends.
- For those derivatives where the underlying asset is quoted on an organised market, but the Group intends to hold them to maturity, either because the derivative forms part of a financing agreement or because its arrangement substitutes the underlying asset, the measurement is based on the calculation of its intrinsic value at the reporting date.

As regards the assets included under "Debt securities" in level 2, it should be pointed out that these assets relate mainly to liquidity surpluses allocated to the formalisation of fixed income securities maturing in more than three months from the date of acquisition, which are highly liquid and high-rotation assets, These amounts are mainly recognised in the Dragados division, amounting to EUR 62,706 thousand (EUR 89,095 thousand at 31 December 2021), and the Hochtief division, amounting to EUR 35,214 thousand (EUR 24,257 thousand at 31 December 2021).

The equity instruments classified under level 3, the fair value of which amounts to EUR 161,456 thousand (EUR 75,359 thousand at 31 December 2021), relate to unlisted financial assets through other comprehensive income. The assets are held by various non-controlling interests in concession assets outside Spain (mainly those from Hochtief that were measured on an individual basis using the discounted cash flow method at year-end market interest rates) with amounts ranging from EUR 137,471 thousand to EUR 33 thousand (EUR 51,487 thousand to EUR 17 thousand at 31 December 2021) and many of these interests were accounted for at historical cost.

The loans to third parties classified under level 3 relate to the earn-out from the sale of most of the Industrial Services Division (see Note 03.09.02).

The financial instrument payables included in level 3 comprise the valuations of the derivative instruments relating to the put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic and the put option that Elliott has to sell its class C preference shares in Thiess to Cimic as detailed in Note 22.

The changes in financial instruments included under Level 3 in 2022 are as follows:

	Thousands of Euros						
	31/12/2021	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	31/12/2022
Assets - Equity instruments and derivative financial instruments	**379,704**	105,500	(59,099)	86,010	—	87	**512,202**
Liabilities - Derivative financial instruments	**8,325**	—	—	(4,483)	—	—	**3,842**

The changes in financial instruments included under Level 3 in 2021 were as follows:

	Thousands of Euros						
	01/01/2021	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	31/12/2021
Assets - Equity instruments and derivative financial instruments	**150,928**	223,436	—	15,287	—	(9,947)	**379,704**
Liabilities - Derivative financial instruments	**8,178**	—	—	147	—	—	**8,325**

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy in 2022 or in 2021.

The Group has not detailed the fair value of certain financial instruments, such as “Trade receivables for sales and services” and “Trade payables”, as their carrying amount approximates their fair value.

21.08. Climate change risk. Risk management and opportunities related to climate change

To respond to the need for comprehensive and uniform risk management, ACS has established a model that includes the identification, assessment, classification, measurement, management and follow-up of risks throughout the Group and its operating divisions. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group’s areas of activity.

Therefore, in keeping with its commitment to continuous improvement, during the year the ACS Group further analysed and assessed the most significant risks and identified any opportunities, based on the exercise presented in the previous year’s report. In 2022, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), different climate scenarios and time horizons were used to assess climate risks and opportunities, using a proven methodology.

The risks arising from climate change identified can therefore be classified as follows:

– Physical risks are those that arise from the physical effects of climate change. They are considered acute if they arise from specific, one-off weather and climate events or chronic if they arise from more gradually changes in climate patterns.

– Transition risks are the risks that arise from adapting business models to a decarbonised economy. These risks are interconnected and their identification is important for stakeholders, especially investors, since inaction in the face of these risks may have operational and financial consequences. These risks include legal, technological, market and reputational risks.

Climate-related opportunities arise both from the transition to a low-carbon economy and from adaptation to physical risks. These opportunities can be classified into five categories: opportunities related to energy efficiency, adoption of low-carbon energy sources, development of new products, access to new markets and resilience through the supply chain.

Although the full detail of the most significant risks and opportunities identified can be found in chapter 5.1 of the Consolidated Directors' Report, a summary of the scenarios, time horizons used and their probabilities is shown below:

- **Physical risks:** the SSP2-4.5 and SSP5-8.5 scenarios used by the Intergovernmental Panel on Climate Change (IPCC) in its last assessment report (AR6) were taken as a reference. The time horizon analysed for physical risks was updated in accordance with the time horizons determined by the IPCC (2021-2040; 2041-2060; 2061-2100). They are assessed in accordance with five risk levels ranging from very low to very high. The main risks identified are as follows:
  - Increase in severity and frequency of weather events (acute): low risk based on the time horizons and scenarios analysed.
  - Extreme climate events related to temperatures (acute): very low to low risk, depending on the time horizon and scenario analysed.
  - Disruptions in the supply chain caused by extreme climate events (acute): very low to low risk, depending on the time horizon and scenario analysed.
- **Transition risks**: the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The following time horizons have been updated for transition risks in accordance with the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed in accordance with five risk levels ranging from very low to very high. The main risks identified are as follows:
  - Reputational harm caused by climate change (reputational): medium to low risk, depending on the time horizon and scenario analysed.
  - Increase in financing costs (market): low to high risk, depending on the time horizon and scenario analysed.
  - Increase in prices or decrease in insurance coverage (market): very low to medium risk, depending on the time horizon and scenario analysed.
  - Increase in the price of greenhouse gas emissions (regulatory): low to medium risk, depending on the time horizon and scenario analysed.
  - Regulation of project and service specifications (regulatory): very low to medium risk, depending on the time horizon and scenario analysed.
  - Increase in the cost of raw materials (market): low to medium risk, depending on the time horizon and scenario analysed.
- **Opportunities:** the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The following time horizons have been updated for the opportunities in accordance with the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed in accordance with five opportunity levels ranging from very low to very high. The main opportunities identified are as follows:
  - Expansion of the market for building solutions to adapt to climate change (market); low to high opportunity, depending on the time horizon and scenario analysed.
  - New opportunities related to the electrification of the economy (electricity transmission, construction of battery factories) and renewable energies: low to very high opportunity, depending on the time horizon and scenario analysed.
  - Other opportunities identified that could potentially have a significant impact on the Company are:
    - New opportunities related to the decarbonisation of the transport sector (railways, public transport systems).
    - Construction/renovation of water infrastructure.
    - Increase in demand for the rehabilitation of buildings in accordance with energy efficiency criteria.

– Actions that improve operational efficiency (reduction of water and energy use, innovation in product cycles, etc.).

The ACS Group bases the Risk Control System on a range of strategic and operational actions to mitigate these risks and fulfil the objectives set by the Company's Board of Directors. Therefore, as regards the risks related to climate change, the main risk management and mitigation measures are determined by the commitments and basic guiding principles defined in the ACS Group's Environmental Policy and in the strategic lines and objectives set out in the ACS Group's 2025 Sustainability Master Plan.

Similarly, the main measures for adapting to the physical risks arising from climate change that should be implemented in the ACS Group's main lines of activity were identified in the analysis carried out in 2022.

The ACS Group's leadership position in the infrastructure sector, and the actions carried out by the various ACS Group companies in the fight against climate change, means that the Group is also well positioned with a competitive edge to take advantage of the opportunities arising from climate change mitigation and adaptation activities.

As regards the opportunities identified, the ACS Group has consolidated experience in the development of environmentally friendly products and services, adapted to the impacts of climate change and contributing to the transition to a low-carbon economy. Therefore, the green building and green infrastructure projects managed by the ACS Group in 2022 reached EUR 12,935 million in 2022 (compared to EUR 10,763 million in 2021) and represented 41.2% of the ACS Group's construction sales.

Furthermore, the data obtained by the ACS Group in an initial EU taxonomy analysis show that activities are carried out in key sectors identified by the European Commission as contributing to the transition towards a low-carbon economy and society. It is important to note that differences have arisen regarding the interpretation of certain criteria for making a substantial contribution between the various countries to which Commission Delegated Regulation (EU) 2021/2139 is applicable during this first year of application.

In particular, there are differences in criteria regarding the eligibility of road infrastructure under activity code 6.15 Infrastructure enabling low-carbon road transport and public transport. Therefore, to present the information in a transparent manner, the Group decided to present two scenarios: one scenario in which the road infrastructure activity has not been considered an eligible activity; and a second scenario in which the road infrastructure activity has been considered eligible. The European clarification documents (FAQs) published in 2023 are expected to clear up any uncertainties in the interpretation of the criteria and update the analysis in subsequent years.

2022			
Taxonomically Eligible/Aligned Activities ACS Group Criteria consideration highway infrastructures NOT eligible	**% eligible activities/total % aligned activities/ total**	**% aligned activities/total**	**% aligned activities/ total eligible total**
Sales	71.8 %	12.4 %	17.3 %
Capex	36.9 %	11.0 %	29.7 %
Opex	57.8 %	22.6 %	39.2 %

2022			
Taxonomically Eligible/Aligned Activities ACS Group Criteria consideration highway infrastructures eligible	**% eligible activities/total % aligned activities/ total**	**% aligned activities/total**	**% aligned activities/ total eligible total**
Sales	88.8 %	12.4 %	14.0 %
Capex	53.1 %	11.0 %	20.7 %
Opex	84.7 %	22.6 %	26.7 %

For more information, see subsection 5.1.1 The Fight against Climate Change, and subsection 5.11 European Union Taxonomy in the Non-Financial Information Statement in the ACS Group's Consolidated Directors' Report for 2022.

22. Derivative financial instruments

The details of the financial instruments at 31 December 2022 and 2021 are as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
Hedges	112,187	16,985	11,570	24,433
Non-qualified hedges	3	6,584	7	8,617
Non-current	**112,190**	**23,569**	**11,577**	**33,050**
Hedges	12,991	765	374	1,593
Non-qualified hedges	239,848	130,772	200,501	171,198
Current	**252,839**	**131,537**	**200,875**	**172,791**
Total	**365,029**	**155,106**	**212,452**	**205,841**

The assets and liabilities designated as hedging instruments include the amount corresponding to the effective part of the changes in fair value of these instruments designated and classified as cash flow hedges. They relate mainly to interest rate hedges (interest rate swaps) and foreign exchange rate hedges, tied to asset and liability items in the statement of financial position, and to future transaction commitments qualifying for hedge accounting.

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. To minimise the impact of these risks and in accordance with its risk management policy (see Note 21), the ACS Group has arranged various financial derivatives, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the above hedging instruments at 31 December 2022 and 2021, based on the nature of the contracts, is as follows:

2022	Thousands of Euros							
	Notional value	2023	2024	2025	2026	2027	Subsequent years	Net fair value
Interest rate	1,392,675	211,175	111,644	—	987,160	—	82,696	99,398
Exchange rate	1,537,849	3,489	—	630,797	—	3,381	900,182	8,030
Price	—	—	—	—	—	—	—	—
Non-qualified hedges	1,006,456	840,441	—	161,943	—	230	3,842	102,495
Total	**3,936,980**	**1,055,105**	**111,644**	**792,740**	**987,160**	**3,611**	**986,720**	**209,923**

2021	Thousands of Euros							
	Notional value	2022	2023	2024	2025	2026	Subsequent years	Net fair value
Interest rate	802,966	—	746,104	—	—	56,862	—	(18,918)
Exchange rate	1,266,136	5,129	233,613	—	253,654	—	773,740	4,836
Price	—	—	—	—	—	—	—	—
Non-qualified hedges	1,019,906	332,423	612,851	66,307	—	—	8,325	20,693
Total	**3,089,008**	**337,552**	**1,592,568**	**66,307**	**253,654**	**56,862**	**782,065**	**6,611**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2022 was as follows:

	Thousands of Euros						
	Notional value	2023	2024	2025	2026	2027	Subsequent years
Interest rate	94,304	—	32,900	—	28,140	—	33,264

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2021 was as follows:

	Thousands of Euros						
	Notional value	2022	2023	2024	2025	2026	Subsequent years
Interest rate	348,485	315	—	—	167,540	—	180,630

The following table shows the fair value of the hedging instruments at 31 December 2022 and 2021, based on the nature of the contracts:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate	102,271	2,873	1	18,919
Exchange rate	22,907	14,877	11,943	7,107
Price	—	—	—	—
Non-qualified hedges	239,851	137,356	200,508	179,815
Total	**365,029**	**155,106**	**212,452**	**205,841**

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Additionally, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

The purpose of using these derivatives is to limit changes in interest rates on its borrowings and to guarantee fixed interests rates, mainly by arranging interest rate swaps as the borrowings are arranged and used.

Most hedges are interest rate swaps that expire at the same time or slightly sooner than the underlying that they are hedging.

Hedges of this type are mainly related to the various loans within the Group and to project and other non-current financing, both at 31 December 2022 and 31 December 2021 (see Notes 17 and 18).

In relation to its long-term loans, ACS, Actividades de Construcción y Servicios, S.A. has arranged hedges in the amount of EUR 1,143,000 thousand that include the hedge of the syndicated loan for EUR 940,000 thousand maturing in September 2026 (hedges amounting to EUR 725,000 thousand at 31 December 2021).

Cash flow hedges (exchange rate)

Foreign currency risk relates mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

In 2018, new hedging transactions were carried out to mitigate foreign currency risks in projects in North America where payments will have to be made in a currency other than that corresponding to the collections and maturing in 2025.

Also of note, due to their importance, are the derivatives arranged by Hochtief for a notional amount of EUR 1,269,851 thousand, which primarily mature after 2027 (EUR 1,007,353 thousand in 2021, maturing mainly after 2026).

Derivative instruments not classified as hedges

The assets and liabilities relating to derivative financial instruments not qualified as hedges include the fair value of those derivatives that do not qualify for hedge accounting.

In the second half of 2018, a new ACS share option plan was established that, like the previous ones, is outsourced to two financial institutions. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included in the plan and at the exercise price of the option (EUR 37.17 per share). These derivatives do not meet the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of these instruments is included under “Changes in the fair value of financial instruments” in the accompanying consolidated income statement (see Note 28.04). Pursuant to the contracts with the financial institutions, the latter do not assume any risk arising from the drop in the share price below the exercise price. The negative fair value of the derivatives related to ACS shares amounted to EUR 129,962 thousand at 31 December 2022 (negative EUR 170,954 thousand at 31 December 2021) and was recognised under “Current derivative financial instruments” on the liability side of the accompanying consolidated statement of financial position.

ACS, Actividades de Construcción y Servicios, S.A. has had the following forward contract since 1 November 2020, which was renewed in 2022 and 2021, with the following current conditions: a forward derivative contract, settled by differences, on its own shares with a financial institution for a maximum of 12,000,000 shares, with a strike price of EUR 16.00 per share, adjustable based on future dividends, and 104 maturities between 9 October 2023 and 5 March 2024 at a rate of 115,385 shares per session.

In addition, as at 31 December 2022, the Company has had another forward contract, settled by differences, on ACS shares since 21 December 2020, which was also renewed in 2022, with the following current conditions: a forward derivative contract of 11,968,007 shares, to be settled solely in cash by differences between 7 March 2023 and 2 August 2023 at a rate of 115,095 shares per session. This contract was extended on 20 February 2023, to be settled between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 32).

The positive fair value of the forward contracts (settled by differences) related to ACS shares amounted to EUR 239,178 thousand at 31 December 2022 (EUR 198,842 thousand at 31 December 2021) and was recognised under “Current derivative financial instruments” on the asset side of the accompanying consolidated statement of financial position. The effect on the income statement for 2022 resulted in a profit of EUR 123,737 thousand (a loss of EUR 48,321 thousand in 2021), which includes the impact of the re-strike of the forward contract recognised under “Changes in the fair value of financial instruments” in the accompanying consolidated income statement (see Note 28.04).

The amounts provided as security (see Note 10.05) relating to the above derivatives arranged by the Group amounted to EUR 218,139 thousand at 31 December 2022 (EUR 194,095 at 31 December 2021).

As part of the divestment of Thiess, in 2020 the transaction agreement included a put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. The exercise price will be the lower of the cost price or a price tied to changes in the S&P / ASX 200 Total Return Index plus the cumulative value of any shortfall in the minimum agreed distributions. This option has no current impact on the control of the company.

The put option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore recognised at fair value through profit or loss in the ACS Group's consolidated financial statements. External independent advisors have been used to determine the fair value of the put option.

The fair value of the put option cannot be assessed using the market price. A probability-weighted expected return methodology is used to obtain the value of the income from the put option based on future potential payments if the option is exercised, adjusted for minimum annual distributions as per the shareholders' agreement, and compared to the estimated exercise price to determine a fair value. At 31 December 2022, the fair value of the put option was determined to be AUD 4.35 million, equivalent to EUR 2.77 million (AUD 13 million, equivalent to EUR 8.3 million at 31 December 2021).

As indicated in Note 9, Thiess issued Class C preference shares providing a coupon yield above all other equity instruments in the amount of EUR 3.2 million for the Group's shareholding in 2022. Therefore, there are agreements relating to Thiess Class C preference shares. Under the agreement, Elliott has the option to sell its Class C preference shares to Cimic within 42 months. The term begins six months after the period for exercising the put option expires or six months after the date on which Elliott ceases to hold the shares or announces that it will exercise the option to sell all remaining shares (the "Thiess option").

Cimic has a call option to purchase Elliott's Class C preference shares for a period of 42 months, which begins at the end of the period for exercising the put option or the date on which Elliott ceases to hold the shares.

The Thiess option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore recognised at fair value through profit or loss. The fair value of the Thiess option was determined by independent external advisors.

The fair value of the Thiess option cannot be assessed using the market price. The Thiess option is valued using the net present value methodology taking into account the probability-based outcomes of both the put and call options. The assumptions used for the measurement were an expected exercise period of four to eight years and discount rates between 10% and 15%. There were no significant interrelationships between unobservable inputs that could have a material effect on fair value. Changes in these parameters did not have a material effect on total comprehensive income, total assets and liabilities, or equity.

At 31 December 2022, the fair value of the Thiess option was determined to be AUD 1.68 million (EUR 1.07 million).

The Group has recognised both its own credit risk and that of the counterparty based on each derivative for all derivative instruments measured at fair value through profit or loss, in accordance with IFRS 13.

23. Trade and other payables

This heading mainly includes the amounts outstanding for trade purchases and related costs, and customer advances for contract work amounting to EUR 2,422,566 thousand in 2022 (EUR 2,291,777 thousand in 2021) (see Note 12) and the amount of the work billed in advance totalling EUR 469,716 thousand in 2022 (EUR 555,219 thousand in 2021).

The Group has entered into reverse factoring arrangements and supply chain financing agreements (as they are called in other countries) with various financial institutions to facilitate, at their discretion, early payment to its suppliers, under which suppliers may exercise their collection rights with the Group companies or entities, obtaining the amount invoiced less the finance costs of discounting and the fees charged by those financial institutions. The amount drawn down against the reverse factoring arrangements and supply chain financing agreements totalled EUR 701,833 thousand at 31 December 2022 (EUR 565,860 thousand at 31 December 2021, including, for comparative purposes, the amounts relating to supply chain financing). These arrangements do not change the main terms and conditions of payment to suppliers and, therefore, they continue to be classified as trade payables.

Disclosures on the period of payment to suppliers. Final provision two of Spanish Law 31/2014, of 3 December

The following is a summary of the disclosures required by Final Provision Two of Law 31/2014, of 3 December, which was prepared in accordance with Spanish Accounting and Audit Institute Resolution of 29 January 2016, on the disclosures to be included in the annual accounts in relation to the average period of payment to suppliers in commercial transactions in Spain:

	2022	2021
	Days	
Average period of payment to suppliers	45	58
Ratio of transactions paid	49	50
Ratio of transactions pending payment	33	78
	Thousands of Euros	
Total payments made	1,457,990	1,373,688
Total payments pending	406,991	526,606

In addition, the information required by Spanish Law 18/2022, of 28 September, on the creation and growth of companies (“*Ley 18/2022 de Creación y Crecimiento de Empresas”*) regarding invoices paid within a period less than the maximum established in the regulations on late payment in Spain is detailed as follows:

	Ejercicio 2022
Monetary amount paid in euros in a period lower than the maximum established in the late payment regulations (thousands of euros)	1,445,426
Percentage of total monetary payments made to suppliers	99.1 %
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	469,581
Percentage over total number of invoices paid to suppliers	97.5 %

The figures shown in the above tables in relation to payments to suppliers relate to suppliers that, because of their nature, are trade creditors for the supply of goods and services and, therefore, they include the figures relating to “Trade and other payables - Suppliers” under current liabilities in the accompanying consolidated statement of financial position.

“Average period of payment to suppliers” is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction. This “Average period of payment to suppliers” is calculated as the quotient where the numerator is the sum of the ratio of transactions paid multiplied by the total amount of payments made plus the ratio of transactions not yet paid multiplied by the total amount of payments outstanding, and where the denominator is the total amount of payments made and payments outstanding.

The ratio of transactions paid is calculated as the quotient where the numerator is the sum of the products of multiplying the amounts paid by the number of days until payment, and where the denominator is the total amount of payments made. Number of days until payment is understood to mean the number of calendar days that have elapsed from the date on which calculation of the period began until the effective payment of the transaction.

Likewise, the ratio of transactions not yet paid corresponds to the quotient where the numerator is the sum of the products of multiplying the amounts payable by the number of days of outstanding payment, and where the denominator is the total amount of payments outstanding. Number of days of outstanding payment is understood to mean the number of calendar days that have elapsed from the date on which calculation of the period began until the last day of the period of the annual accounts.

The Group will use the date of receipt of the products or provision of the services to begin calculating the period for both the number of days until payment and the number of days of outstanding payment. In the absence of reliable information as to when this circumstance occurs, the Company will use the date of receipt of the invoice.

24. Other current liabilities

The detail of this heading at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Advance payments received	50,012	42,515
Payable to non-current asset suppliers	12,229	5,289
Deposits and guarantees received	2,899	2,146
Other	271,148	216,750
Total	**336,288**	**266,700**

Items such as the amounts relating to the current accounts with unincorporated joint ventures and other third parties with a credit balance are included under "Other."

25. Segments

25.01. Basis of segmentation

The structure of the ACS Group reflects its focus on different lines of business or activity areas. Segment reporting based on the different lines of business includes information regarding the Group's internal organisation, taking into account the bodies involved in monitoring operations and taking decisions.

25.01.01. Primary segments - business segments

In accordance with the ACS Group's internal organisational structure and, consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8.

In 2022 the ACS Group decided to present the Construction and Concessions businesses separately, eliminating the higher Infrastructure segment that included the other two as part of the process of simplifying the Group's structure and businesses. In addition, the concept of a "segment manager" as defined in paragraph 9 of IFRS 8, entails the separation of the businesses as a result of having different segment managers or directors for each of the businesses who are directly accountable to and maintain regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for each business segment in question. Following the sale of most of the Industrial Services Division to Vinci at the end of last year (its revenue and profit were considered discontinued operations for accounting purposes), this line of business is no longer considered significant within the Group as the remaining assets have a very low sales volume (less than 1%) and have therefore been included under the Corporate business segment.

The Group's main areas, following the sale of most of the Industrial Services Division on 31 December 2021, are divided into:

a) Construction

The Construction business segment includes the construction activities through Dragados and Hochtief (including Cimic) and is aimed at carrying out all types of civil construction projects (activities related to developing infrastructure, such as highways, railways, maritime projects and airports), building projects (residential buildings, social infrastructure and facilities) and infrastructures services (railway, transport, communications and technology, energy, resources, water and defence sectors). The geographical regions with the greatest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from a geopolitical, macroeconomic and legal perspective.

b) Concessions

The Concessions business segment includes the activities of Iridium and the shareholdings in Abertis and is focused on the development and operation of transport concessions. These projects are carried out either through direct construction models for public and private customers, or through public-private partnership models, where the ACS Group is involved in the entire value chain of the concessions business, from the design of the project to its financing, construction, start-up, and operation. The geographical regions with the greatest exposure in this area are Europe, Latin America and North America.

c) Services

This area only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organisations, and assistance to people. This area is mainly based in Spain but also shows incipient growth in the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers that it should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable, it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

d) Corporate

This includes the activity of the Group's Parent Company, ACS, Actividades de Construcción y Servicios, S.A., in addition to other activities that cannot be assigned to the other business segments that are presented separately, such as the real estate assets developed by Cogesa and the renewable energy and water assets that the Group still holds after the sale of the Industrial business to Vinci, plus the effects of consolidation.

The detail of the assets and liabilities by segment at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2022	31/12/2021 (*)	31/12/2022	31/12/2021 (*)
Construction	25,484,331	23,047,302	21,964,396	19,832,155
Concessions	5,617,813	2,325,674	2,708,743	426,124
Services	1,620,838	1,559,489	817,364	764,412
Corporation, other and adjustments	4,857,318	8,731,880	5,713,920	7,613,451
Total	**37,580,300**	**35,664,345**	**31,204,423**	**28,636,142**

(*) Restated.

25.01.02 Geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with IFRS 8.

25.02. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the various segments comprising the ACS Group. Each division has its own resources based on the entities engaging in the related business activity and, accordingly, has the assets required to carry on the activity.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to carry on its business activities in an autonomous manner.

Segment reporting of these activities, before allocation of expenses to subsidiaries in the income statement, is presented below, in accordance with the Group’s management criteria following its internal organisation and taking into account the bodies involved in monitoring operations and taking decisions.

25.02.01. Income statement by business segment: 2022

	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments (**)	Total Group
REVENUE	**31,432,887**	**96,410**	**1,818,792**	**267,145**	**33,615,234**
Operating expenses net	(30,675,398)	(70,499)	(1,723,331)	(247,491)	(32,716,719)
Depreciation and amortisation	(466,713)	(16,998)	(45,516)	(91,523)	(620,750)
Impairment and gains or losses on the disposal of non-current assets	378,166	17,795	24	296,661	692,646
Other results	(28,299)	(3,035)	(1,256)	(245,007)	(277,597)
Ordinary results of companies accounted for using the equity method	168,888	199,267	—	12,763	380,918
Financial results	(182,270)	(3,890)	(10,419)	(99,621)	(296,200)
Changes in the fair value of financial instruments	43,692	2,792	—	172,736	219,220
Impairment and gain or losses on the disposal of financial instruments	(4,470)	328	—	11,487	7,345
Non-ordinary results of companies accounted for using the equity method	—	4,549	5	—	4,554
PROFIT / (LOSS) BEFORE TAX	**666,483**	**226,719**	**38,299**	**77,150**	**1,008,651**
Income tax	(135,581)	(8,508)	(10,483)	(46,628)	(201,200)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**530,902**	**218,211**	**27,816**	**30,522**	**807,451**
Profit after tax from discontinued operations	—	—	—	65,333	65,333
PROFIT / (LOSS) FOR THE PERIOD	**530,902**	**218,211**	**27,816**	**95,855**	**872,784**
Profit / (Loss) attributed to non-controlling interests	(180,542)	(23,773)	(504)	262	(204,557)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	—	—	—
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**350,360**	**194,438**	**27,312**	**96,117**	**668,227**

Income statement by business segment: 2021

	Thousands of Euros (*)				
	Construction	Concessions	Services	Corporate unit, others and adjustments (**)	Total Group
REVENUE	**25,879,000**	**93,167**	**1,642,527**	**221,964**	**27,836,658**
Operating expenses net	(24,990,525)	(60,163)	(1,556,465)	(206,892)	(26,814,045)
Depreciation and amortisation	(422,291)	(14,680)	(41,117)	(1,358)	(479,446)
Impairment and gains or losses on the disposal of non-current assets	235,924	11,921	28,043	(475,530)	(199,642)
Other results	(241,913)	(2,993)	(1,393)	(491)	(246,790)
Ordinary results of companies accounted for using the equity method	87,114	167,960	—	17,671	272,745
Financial results	(138,789)	(4,395)	(6,578)	(85,342)	(235,104)
Changes in the fair value of financial instruments	263	1,381	—	(93,465)	(91,821)
Impairment and gain or losses on the disposal of financial instruments	13,907	363	(3)	—	14,267
Non-ordinary results of companies accounted for using the equity method	—	680	—	—	680
PROFIT / (LOSS) BEFORE TAX	**422,690**	**193,241**	**65,014**	**(623,443)**	**57,502**
Income tax	(107,615)	1,887	(7,020)	(676,624)	(789,372)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**315,075**	**195,128**	**57,994**	**(1,300,067)**	**(731,870)**
Profit after tax from discontinued operations	(4,479)	—	—	3,962,583	3,958,104
PROFIT / (LOSS) FOR THE PERIOD	**310,596**	**195,128**	**57,994**	**2,662,516**	**3,226,234**
Profit / (Loss) attributed to non-controlling interests	(139,163)	(27,719)	(621)	(1,978)	(169,481)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	—	(11,340)	(11,340)
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**171,433**	**167,409**	**57,373**	**2,649,198**	**3,045,413**

(*) Restated.

(**) "Impairment and gains or losses on the disposal of non-current assets" includes EUR 334.8 million relating to the capital gains (without cash effect) generated as a result of the full consolation of the SH 288 highway after its purchase by Iridium (see Note 02.02.f). "Other results", which amounted to a loss of EUR 334.8 million, also included the impact of Dragados relating mainly to extraordinary work completed and indemnities or litigation relating to work completed with losses in previous years on various international projects (see Note 29).

Statement of financial position by business segment: 2022

ASSET	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
NON CURRENT ASSETS	9,394,208	2,136,573	1,156,115	(265,904)	12,420,992
Intangible assets	2,970,457	10,876	253,792	48,774	3,283,899
Goodwill	2,497,737	—	169,865	48,595	2,716,197
Other intangible assets	472,720	10,876	83,927	179	567,702
Tangible assets-property, plant and equipment / investment property	1,274,683	13,237	211,420	141,401	1,640,741
Non-current assets in projects	—	55,696	—	226,050	281,746
Financial assets non-current	4,524,823	2,000,286	616,241	(878,201)	6,263,149
Other current assets	624,245	56,478	74,662	196,072	951,457
CURRENT ASSETS	16,090,123	3,481,240	464,723	5,123,222	25,159,308
Inventories	607,280	29	599	221,060	828,968
Trade and other receivables	7,918,445	78,931	296,462	270,815	8,564,653
Other current financial assets	872,444	63,020	1,260	243,893	1,180,617
Derivative financial instruments	11,203	—	—	241,636	252,839
Other current assets	219,224	1,429	3,534	2,584	226,771
Cash and cash equivalents	6,432,082	414,276	162,868	2,410,761	9,419,987
Non-current assets held for sale and discontinued operations	29,445	2,923,555	—	1,732,473	4,685,473
TOTAL ASSETS	25,484,331	5,617,813	1,620,838	4,857,318	37,580,300

EQUITY AND LIABILITIES	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
EQUITY	3,519,934	2,909,071	803,474	(856,602)	6,375,877
Equity attributed to the Parent	3,050,371	2,564,840	798,723	(866,538)	5,547,396
Non-controlling interests	469,563	344,231	4,751	9,936	828,481
NON-CURRENT LIABILITIES	6,772,173	503,164	363,083	3,845,809	11,484,229
Grants	—	—	2,039	—	2,039
Non-current financial liabilities	5,293,087	310,207	202,166	3,073,221	8,878,681
Long term lease liabilities	416,450	11,991	109,177	13,128	550,746
Derivative financial instruments	20,697	2,873	—	(1)	23,569
Other liabilities non-current	1,041,939	178,093	49,701	759,461	2,029,194
CURRENT LIABILITIES	15,192,223	2,205,579	454,281	1,868,111	19,720,194
Current financial liabilities	1,160,116	29,703	114,720	193,784	1,498,323
Short term lease liabilities	136,683	1,155	16,481	736	155,055
Derivative financial instruments	1,575	—	—	129,962	131,537
Trade and other payables	12,661,018	48,598	296,390	186,878	13,192,884
Other liabilities current	1,232,831	14,622	26,690	(11,224)	1,262,919
Liabilities relating to non-current assets held for sale and discontinued operations	—	2,111,501	—	1,367,975	3,479,476
TOTAL EQUITY AND LIABILITIES	25,484,330	5,617,814	1,620,838	4,857,318	37,580,300

Statement of financial position by business segment: 2021

ASSET	Thousands of Euros (*)				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
NON CURRENT ASSETS	**8,083,216**	**1,998,567**	**1,095,983**	**(167,735)**	**11,010,031**
Intangible assets	**2,987,519**	**7,720**	**235,395**	**48,778**	**3,279,412**
Goodwill	2,474,702	—	148,955	48,596	2,672,253
Other intangible assets	512,817	7,720	86,440	182	607,159
Tangible assets-property, plant and equipment / investment property	**1,213,318**	**11,816**	**155,329**	**125,408**	**1,505,871**
Non-current assets in projects	**—**	**72,851**	**—**	**2**	**72,853**
Financial assets non-current	**3,209,044**	**1,850,707**	**622,716**	**(391,544)**	**5,290,923**
Other current assets	**673,335**	**55,473**	**82,543**	**49,621**	**860,972**
CURRENT ASSETS	**14,964,086**	**327,107**	**463,506**	**8,899,615**	**24,654,314**
Inventories	**545,555**	**67**	**408**	**196,062**	**742,092**
Trade and other receivables	**7,848,784**	**86,155**	**242,225**	**203,192**	**8,380,356**
Other current financial assets	**907,942**	**98,238**	**1,112**	**272,787**	**1,280,079**
Derivative financial instruments	**2,033**	**—**	**—**	**198,842**	**200,875**
Other current assets	**197,817**	**510**	**3,418**	**1,094**	**202,839**
Cash and cash equivalents	**5,425,364**	**142,137**	**216,343**	**5,469,575**	**11,253,419**
Non-current assets held for sale and discontinued operations	**36,591**	**—**	**—**	**2,558,063**	**2,594,654**
TOTAL ASSETS	**23,047,302**	**2,325,674**	**1,559,489**	**8,731,880**	**35,664,345**

(*) Restated.

EQUITY AND LIABILITIES	Thousands of Euros (*)				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
EQUITY	**3,215,147**	**1,899,550**	**795,077**	**1,118,429**	**7,028,203**
Equity attributed to the Parent	**2,387,811**	**2,048,986**	**790,830**	**1,106,677**	**6,334,304**
Non-controlling interests	**827,336**	**(149,436)**	**4,247**	**11,752**	**693,899**
NON-CURRENT LIABILITIES	**6,290,057**	**360,221**	**327,809**	**4,466,759**	**11,444,846**
Grants	**—**	**—**	**2,099**	**—**	**2,099**
Non-current financial liabilities	**4,599,810**	**156,403**	**211,371**	**3,749,770**	**8,717,354**
Long term lease liabilities	**326,022**	11,824	63,349	**235**	**401,430**
Derivative financial instruments	**14,131**	**11,907**	**—**	**7,012**	**33,050**
Other liabilities non-current	**1,350,094**	**180,087**	**50,990**	**709,742**	**2,290,913**
CURRENT LIABILITIES	**13,542,098**	**65,903**	**436,603**	**3,146,692**	**17,191,296**
Current financial liabilities	**998,837**	**19,572**	**119,361**	**670,721**	**1,808,491**
Short term lease liabilities	**135,002**	**1,266**	**14,187**	**310**	**150,765**
Derivative financial instruments	**1,836**	**—**	**—**	**170,955**	**172,791**
Trade and other payables	**11,175,290**	**32,068**	**279,656**	**251,421**	**11,738,435**
Other liabilities current	**1,231,133**	**12,997**	**23,399**	**(4,265)**	**1,263,264**
Liabilities relating to non-current assets held for sale and discontinued operations	**—**	**—**	**—**	**2,057,550**	**2,057,550**
TOTAL EQUITY AND LIABILITIES	**23,047,302**	**2,325,674**	**1,559,489**	**8,731,880**	**35,664,345**

(*) Restated.

25.02.02. The breakdown of revenue for 2022 and 2021 in the Construction business is as follows:

	Thousands of Euros	
	2022	2021(*)
Spain	**1,417,550**	**1,385,921**
Dragados	1,417,550	1,385,921
International	**30,015,337**	**24,493,079**
Dragados	3,796,005	3,115,205
Hochtief	26,219,332	21,377,874
Total	**31,432,887**	**25,879,000**

(*) Restated.

The breakdown of revenue in the Services business is as follows:

	Thousands of Euros	
	2022	2021
Facility Management	1,818,792	1,642,527
Total	**1,818,792**	**1,642,527**

Of the total revenue from the Services business, EUR 193,812 thousand in 2022 and EUR 139,446 thousand in 2021 relate to international operations, representing 10.7% and 8.5%, respectively.

Revenue is allocated on the basis of the geographical distribution of customers.

The reconciliation of revenue, by business segment, to consolidated revenue for 2022 and 2021 is as follows:

Segments	Thousands of Euros					
	2022			2021 (*)		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
Construction	31,417,056	15,831	**31,432,887**	25,905,684	(26,684)	**25,879,000**
Concessions	95,408	1,002	**96,410**	92,436	731	**93,167**
Services	1,815,792	3,000	**1,818,792**	1,639,580	2,947	**1,642,527**
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	286,978	(19,833)	**267,145**	198,958	23,006	**221,964**
Total	**33,615,234**	**—**	**33,615,234**	**27,836,658**	**—**	**27,836,658**

(*) Restated.

Inter-segment sales are made at market prices.

The reconciliation of operating profit/(loss), by business segment, to consolidated profit/(loss) before taxes for 2022 and 2021 is as follows:

Business segments	Thousands of Euros	
	2022	2021 (*)
Construction	530,902	310,596
Concessions	218,211	195,128
Services	27,816	57,994
Total profit / (loss) of the segments reported upon	**776,929**	**563,718**
(+/-) Non-assigned profit	95,855	2,651,176
(+/-) Income tax and / or profit / (loss) from discontinued operations	135,867	(3,157,392)
Profit / (Loss) before tax	**1,008,651**	**57,502**

(*) Restated.

Revenue by geographical area for 2022 and 2021 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2022	2021
Domestic market	3,170,387	2,987,802
Foreign market	30,444,847	24,848,856
a) European Union	2,032,978	1,888,458
a.1) Euro Zone	960,027	1,021,641
a.2) Non Euro Zone	1,072,951	866,817
b) Rest of countries	28,411,869	22,960,398
Total	**33,615,234**	**27,836,658**

The following table shows the breakdown, by geographical area, of certain of the Group’s consolidated balances:

	Thousands of Euros			
	Spain		Rest of the world	
	2022	2021	2022	2021
Revenue	3,170,387	2,987,802	30,444,847	24,848,856
Segment assets	9,021,706	13,964,883	28,558,594	21,699,462
Total investments / (divestments) net	(423,316)	(3,693,351)	621,415	295,708

25.02.03 Breakdown of assets

The assets at 31 December 2022 and 2021, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Europe	**13,968,427**	**17,718,151**
Spain	9,021,706	13,964,883
Germany	3,838,028	3,119,486
Rest of Europe	1,108,694	633,782
Rest of geographic areas	**23,611,873**	**17,946,194**
Americas	15,347,591	10,849,287
Asia	57,975	38,749
Australasia	8,118,407	7,014,259
Africa	87,901	43,899
TOTAL	**37,580,300**	**35,664,345**

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2022	2021 (*)
Construction	489,927	270,633
Concessions	4,713	3,433
Services	94,135	56,339
Corporate unit, others and adjustments	6,137	142
Total	**594,912**	**330,547**

(*) Restated.

26. Tax matters

26.01. Consolidated Tax Group

Pursuant to current law, ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company of Tax Group 30/99, which includes the Spanish subsidiaries in which the Parent Company has a direct or indirect ownership interest of at least 75% and that meet the requirements provided for in Spanish regulations governing the tax consolidation regime.

The Group’s other subsidiaries file individual tax returns in accordance with the tax law in force in each country, either individually or with groups of companies.

26.02. Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense for continuing operations resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, and the determination of the average effective tax rate, are as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Consolidated profit before tax	1,008,651	57,502
Net profit from equity accounted investments	(385,472)	(273,425)
Permanent differences	(341,558)	546,229
Taxable profit	281,621	330,306
Tax at 25%	70,406	82,578
Deductions for incentives	(5,849)	(2,550)
Effect of different standard tax rate in other countries	11,337	22,077
Current tax income expense	75,894	102,105
Effective rate, excluding equity method	26.9%	30.9%

The permanent differences in 2022 are mainly due to tax exempt income and consolidation adjustments. In 2021 these differences related to the 5% tax on capital gains on the sale of subsidiaries and on the dividends received, including those from companies included in the tax group.

The tax credits basically include both double taxation tax credits and tax credits for donations and those for R&D activities carried out in Spain and in other countries.

The effect of the spread between national tax rates and the reference tax rate of 25% is due to the fact that the nominal Spanish rate used to calculate this table is lower than the average nominal rates in the relevant countries in which the Group operates.

26.03. Detail of income tax expense

The detail of the income tax expense is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Current income tax expense (Note 26.02)	75,894	102,105
Expense / (income) relating to adjustments to prior year's tax	(3,368)	642,321
(Income) arising from the application of prior year's deferred tax assets	(15,999)	(54,188)
Expense arising from deferred tax assets generated in the year and not capitalised	89,238	27,154
Tax expense (income) due to impact on defferred taxes from changes in legislation	32	75
Expense / (Income) other adjustments to tax for the year	55,403	71,905
Final balance of the income tax	**201,200**	**789,372**

The expense relating to deferred tax assets generated in the year and not recognised in 2022 is a result mainly of the decision not to recognise the tax assets associated with the tax losses, while income from the application of deferred tax assets from previous years is due to the use of tax losses by the Spanish Tax Group whose deferred tax assets were cancelled in the previous year.

The expense in 2021 relating to adjustments to prior years' tax was mainly due to the cancellation of tax loss carryforwards and tax credits for the Spanish Tax Group (see Note 26.05) and to the derecognition of deferred tax assets related to the sale of most of the Industrial Services division.

Accordingly, no tax expense was incurred in 2022 in relation to profit from discontinued operations, (EUR 77,064 thousand in 2021), without prejudice to the fact that in 2021 it was included, but broken down, under the line item relating to profit after tax from discontinued operations in the accompanying consolidated income statement. The transfer of the most of the Industrial Services division to Vinci at the end of 2021 was taxed for income tax purposes through the subsequent internal dividend distribution that took place in 2021.

	Thousands of Euros	
	31/12/2022	31/12/2021
Profit before taxes from discontinued operations	65,333	4,035,168
Permanent differences	(65,333)	(3,726,913)
Taxable profit	—	308,255
Tax at 25% / 28%	—	77,064

26.04. Taxes recognised in equity

In addition to the tax effects recognised in the consolidated income statement, in 2022 a charge of EUR 59,310 thousand was recognised directly in the Group's equity (a charge of EUR 78,290 thousand in 2021). These amounts relate to tax effects of adjustments to financial assets through other comprehensive income, with a credit of EUR 18,451 thousand in 2022 (charge of EUR 15,903 thousand in 2021), cash flow derivatives, with a charge of EUR 29,697 thousand in 2022 (charge of EUR 26,623 thousand in 2021), actuarial losses, with a charge of EUR 47,543 thousand in 2022 (charge of EUR 35,990 thousand in 2021), and translation difference, with a charge of EUR 521 thousand in 2022 (credit of EUR 226 thousand in 2021).

26.05. Deferred taxes

The breakdown, by temporary differences, of the balance of these assets and the liabilities is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	193,792	262,426
Other provisions	221,702	223,246
Pension costs	12,027	38,784
Income with different tax and accounting accruals	28,554	9,879
Losses of establishments abroad	94,804	79,798
Financial expenses not deductible	8,348	8,094
Other	294,776	303,473
Total	**854,003**	**925,700**
Assets for tax loss	401,958	292,374
Assets for deductions in quota	67,451	76,664
Total	**1,323,412**	**1,294,738**
Compensations of deferred tax assets/liabilities	(484,145)	(445,343)
Total deferred tax assets	**839,267**	**849,395**
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	344,854	307,484
Income with different tax and accounting accrual	110,673	68,195
Other	322,964	296,776
Total	**778,491**	**672,455**
Compensation of deferred tax assets/liabilities	(484,145)	(445,343)
Total deferred tax liabilities	**294,346**	**227,112**

At 31 December 2022, deferred tax assets and liabilities arising from temporary differences totalling EUR 484,145 thousand (EUR 445,343 thousand at 31 December 2021) have been offset. The offsetting was at the level of the same company or tax group and most of the offsetting arises in the Hochtief Group.

The detail of and changes in the main deferred tax assets and liabilities recognised by the Group in 2022 and 2021 is as follows:

	Thousands of Euros								
	Balance at 31 December 2021	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2022
			Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**1,294,738**	**(74,442)**	**(47,543)**	**17,028**	**48,337**	**84,539**	**—**	**755**	**1,323,412**
Temporary differences	925,700	(38,867)	(47,543)	17,028	—	(3,070)	—	755	854,003
Tax losses	292,374	(25,777)	—	—	47,542	87,819	—	—	401,958
Tax credits	76,664	(9,798)	—	—	795	(210)	—	—	67,451
Liabilities	**672,455**	**54,010**	**—**	**28,515**	**21,973**	**(11)**	**1,547**	**2**	**778,491**
Temporary differences	672,455	54,010	—	28,515	21,973	(11)	1,547	2	778,491

	Thousands of Euros								
	Balance at 31 December 2020	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2021
			Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**(597,336)**	**(35,990)**	**(29,184)**	**—**	**—**	**11,641**	**4,292**	**(354,820)**	**1,294,738**
Temporary differences	(58,970)	(35,990)	(29,184)	—	—	8,260	2,664	(247,332)	925,700
Tax losses	(448,760)	—	—	—	—	3,381	—	(77,593)	292,374
Tax credits	(89,606)	—	—	—	—	—	1,628	(29,895)	76,664
Liabilities	**(9,801)**	**—**	**—**	**—**	**—**	**5,468**	**1,552**	**(52,534)**	**672,455**
Temporary differences	(9,801)	—	—	—	—	5,468	1,552	(52,534)	672,455

Tax loss and tax credit carryforwards relating to the ACS Spanish Tax Group amounted to EUR 63,711 thousand at 31 December 2022 (EUR 72,704 thousand at 31 December 2021).

The detail of the deferred tax assets at 31 December 2022 and 2021 is as follows:

	Thousands of Euros					
	31/12/2022			31/12/2021		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	—	372,704	**372,704**	—	255,735	**255,735**
Other temporary differences	275,950	123,162	**399,112**	257,782	259,214	**516,996**
Tax credits and tax relief	63,711	3,740	**67,451**	72,704	3,960	**76,664**
Total	**339,661**	**499,606**	**839,267**	**330,486**	**518,909**	**849,395**

At the end of 2021, the recoverability of the tax assets in Spain was reassessed as a result of the sale of most of the Industrial business to the Vinci group, since most of the taxable profit justifying the recoverability of the tax loss carryforwards and tax credits of the Tax Group in Spain came from the Industrial business sold. Therefore, EUR 459,982 thousand had become impaired at the end of 2021 in relation to the tax loss carryforwards of the ACS Tax Group in Spain (which arose from the consolidated tax loss for 2012 and that do not expire). In addition, EUR 90,735 thousand in tax credits had become impaired for the same reason. At the end of 2022, the Group's directors assessed the current conditions of the Spanish Tax Group, and concluded that there have been no significant changes compared to the analysis performed in 2021. The Spanish Tax Group retains its rights from a tax point of view, so that they may be recognised in the future if the conditions for doing so are considered to have been met.

The deferred tax assets were recognised in the consolidated statement of financial position because the Group's directors considered that, based on their best estimate of the Group's future earnings, it is probable that these assets will be recovered.

The deferred tax liabilities, which amount to EUR 294,346 thousand (EUR 227,112 thousand at 31 December 2021), have not substantially changed with respect to 31 December 2021. In relation to the amendment made by the Spanish Government's General State Budget for 2021, which set a limit of 95% on the exemption of dividends received by Spanish companies, the Group assessed the impact of this measure at the end of 2020, taking into account, among other factors, the interim dividends approved prior to the reporting date and the corporate transactions that may, where applicable, prove to be profitable over the coming year, and concluded that this will not have a significant impact on these Consolidated Annual Accounts.

Hochtief completed the acquisition of all Cimic shares on 10 June 2022. Effective as of this date, Cimic Group Limited and its wholly-owned Australian entities became part of the Hochtief Australia Holdings Limited multiple entry consolidated ("MEC") group for tax purposes, with Hochtief Australia Holdings Limited as the head of the MEC group. Under the new tax group, the parent company and the subsidiaries continue to account for their own current and deferred taxes. These tax amounts are measured as if each entity of the consolidated tax group were still an independent taxpayer. The parent company recognises current tax liabilities or assets and deferred tax liabilities or assets arising from unused tax loss carryforwards and unused tax assets assumed by the subsidiaries of the tax consolidation group.

Following Cimic's inclusion in the MEC group, the regulations applicable in Australia, i.e. the Income Tax Assessment Act 1997, requires that the tax values of the Cimic group's assets be adjusted in accordance with tax cost adjustment principles. The company was assisted by external advisors in performing this calculation. The accounting profit resulting from the change of tax group amounted to EUR 48.8 million net of the tax effect. The net impact is the result of a series of offsetting adjustments to readjust certain tax bases related mainly to financial investments, inventories, and property, plant and equipment. This effect is offset by the impairment losses for deferred tax assets arising from tax losses.

Pursuant to current regulations, deferred tax assets arising from temporary difference are not subject to expiration periods.

Furthermore, as regards the tax assets arising due to tax losses, their use is subject to various conditions and deadlines established by the different applicable national regulations; in particular, in the case of Australia, where the most significant tax asset was generated, there is no statutory expiration period.

In turn, tax credit carryforwards corresponding to the Spanish Tax Group, included on the asset side of the consolidated statement of financial position in the amount of EUR 63,711 thousand (EUR 72,704 thousand in 2021), are set to expire according to the type of asset as set out in the Spanish Corporation Tax Act (Ley del Impuesto sobre Sociedades). The unused tax credits in 2022 mainly relate to tax credits arising between 2010 and 2021 for reinvestment of gains and R&D expenses, the statutory expiration periods of which are 15 and 18 years, respectively.

As regards the tax credits of the Spanish Tax Group, an impairment test is carried out every year to determine which tax credits are used by the Group within the expiration period.

The key assumptions of this test, which are consistent with those applied in previous years, were as follows:

– Profit before tax, calculated based on taxable profit, of the business areas in Spain that, with respect to that obtained in 2022, increases for subsequent years at annual rates of 3%.
– General maintenance of the consolidation perimeter of companies in the Tax Group at the reporting date following the sale of most of the Industrial Services Division in 2021.
– The finance charge for the Group's corporate debt in Spain was specifically recalculated taking into account the new breakdown of this debt and a reduction at an average annual rate of 2% was estimated for subsequent years.
– The minimum tax rate of 15% of taxable profit was taken into account and a maximum of 25% of adjusted gross tax liability was set regarding the use of the gross tax liability adjusted by tax credits for R&D, reinvestment and others.

The Group has considered, in relation to the analysis of the recoverability of deferred tax assets, the main positive and negative factors that apply to the recognition of these assets, identifying that the following factors, among others, are met:

Positive factors

- History of recurring profits by the tax group.
- Existence of new business opportunities for the tax group. Having a solid portfolio.
- The Group is not a start-up.
- Compliance with business plans and profit forecasts in the coming financial years.
- Some of the businesses that make up the tax group are not very complex in terms of making projections.

Negative factors

- The longer the recovery time, the less reliable the estimate will be.
- Long offsetting periods do not guarantee that deferred tax assets will be reversed in full because a company or tax group could generate new losses in the future or cease to be a going concern. In the case of the ACS Spanish tax group, it has a history of recurring profits and a solid future portfolio, so this negative factor does not apply and the loss was a one-off operating event.

On the basis of these assumptions, the tax assets of the Spanish Tax Group recognised in the statement of financial position would be used before they expire. However, it is worth noting that significant negative deviations between the above profits and the estimates used in the impairment test, in overall terms, i.e., that may not be offset by subsequent positive deviations within the expiration period, could represent a recoverability risk as regards the tax credits. In particular, based on the test performed, negative changes in the Spanish Tax Group's attributable profit, in overall (not specific) terms, throughout the relevant period, with respect to the average of those generated in the last two years, would determine the beginning of the partial expiration of the tax credits.

In addition to the amounts recognised on the asset side of the consolidated statement of financial position, as detailed in the table above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the consolidated statement of financial position because it is not possible to predict the future flows of economic benefits, the breakdown and expiration period of which are shown in the table below.

Validity limit	Miles de Euros		
	Due to timing differences	For tax losses	For deductions
2023	—	25	—
2024-2027	—	5,701	40,856
Subsequent	—	72,418	54,597
No limit	115,982	1,167,234	—

Of these amounts, the tax asset for uncapitalised losses attributable to the Spanish tax group amounted to EUR 645,230 thousand, of which EUR 442,412 thousand were generated in Spain and the rest abroad, with EUR 522,004 thousand from the Hochtief Group.

26.06 Tax audits

Under the current law, taxes cannot be considered to have been definitely settled until the tax returns filed have been reviewed by the tax authorities or until the limitation period has expired.

As regards the tax audit that began in June 2019 in relation to the ACS Group's corporation tax (2013 to 2016), and VAT and tax withholdings (2015 and 2016) for certain Group companies, the audit was concluded in the course of 2021 with VAT assessments signed on an uncontested and corporation tax assessments signed on an uncontested and a contested basis, but in both cases for insignificant amounts.

The ACS Group's directors consider that the tax returns have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax law in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the Annual Accounts.

On 15 December 2022, the European Council approved Directive 2022/2523 establishing a minimum level of taxation for multinational enterprise groups and large-scale domestic groups. The objective of this rule, which will first be applicable in 2024, is for large enterprise groups to be taxed in all jurisdictions in which they operate at a minimum tax rate of 15%. Although the Directive has still yet to be transposed and, despite being a highly complex rule, it is considered that the impact on the Group's results in the coming years should not be significant, since the tax rate in practically all the jurisdictions in which the Group operates is higher than this minimum threshold.

27. Revenue and backlog

27.01. Revenue

The distribution of revenue in 2022 and 2021 relating to the Group's ordinary operations, by business segment, is as follows:

Business segments	Thousands of Euros	
	2022	2021 (*)
Construction	31,432,887	25,879,000
Concessions	96,410	93,167
Services	1,818,792	1,642,527
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	267,145	221,964
Total	**33,615,234**	**27,836,658**

(*) Restated.

Revenue amounting to EUR 33,615,234 thousand in 2022 (EUR 27,836,658 thousand in 2021) includes performance obligations recognised mainly through the application of the product method in the construction business (civil construction, PPP, etc.), the concessions business and the services business (including construction management, comprehensive maintenance services for buildings, public places and organisations, and assistance to people).

Revenue by type for 2022 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	12,739,511	37.9 %	18,341,687	54.6 %	351,689	1.0 %	31,432,887	93.5%
Concesiones	—	0.0 %	96,410	0.3 %	—	0.0 %	96,410	0.3%
Services	—	0.0 %	1,818,802	5.4 %	(10)	0.0 %	1,818,792	5.4%
Corporate, others and adjustments	—	0.0 %	252,444	0.8 %	14,701	0.0 %	267,145	0.8%
Total	**12,739,511**	**37.9 %**	**20,509,343**	**61.0 %**	**366,380**	**1.1 %**	**33,615,234**	**100.0%**

Revenue by type for 2021 was as follows:

(*)	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	11,142,230	40.0 %	14,459,115	51.9 %	277,655	1.0 %	25,879,000	93.0%
Concessions	—	0.0 %	59,909	0.2 %	33,258	0.1 %	93,167	0.3%
Services	—	0.0 %	1,642,536	5.9 %	(9)	0.0 %	1,642,527	5.9%
Corporate, others and adjustments	—	0.0 %	25,561	0.1 %	196,403	0.7 %	221,964	0.8%
Total	**11,142,230**	**40.0 %**	**16,187,121**	**58.2 %**	**507,307**	**1.8 %**	**27,836,658**	**100.0%**

(*) Restated.

In 2022 foreign currency transactions relating to sales and services rendered amounted to EUR 29,140,304 thousand (EUR 23,461,166 thousand in 2021) and those relating to purchases and services received amounted to EUR 21,926,634 thousand (EUR 17,534,569 thousand in 2021).

The distribution of revenue relating to the Group's ordinary operations for 2022 and 2021, by the main countries where it operates, is as follows:

Revenue by Countries	Thousands of Euros	
	2022	2021
United States	18,837,354	14,823,645
Australia	6,350,306	5,190,145
Spain	3,170,387	2,987,802
Canada	1,919,322	1,601,619
Germany	858,833	925,899
Hong Kong	496,347	490,082
United Kingdom	471,525	375,206
Poland	404,078	345,371
New Zeland	164,985	285,831
Other	942,096	811,058
Total	**33,615,234**	**27,836,658**

27.02. Backlog

The backlog by line of business at 31 December 2022 and 2021 was as follows:

	Thousands of Euros	
	2022	2021
Construction	66,083,785	64,378,903
Services	2,912,176	2,882,791
Total	**68,995,960**	**67,261,694**

Revenue by backlog at 31 December 2022 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	28,931,332	41.9 %	37,090,385	53.8 %	62,067	0.1 %	66,083,784	95.8 %
Services	—	0.0 %	2,912,176	4.2 %	—	0.0 %	2,912,176	4.2 %
Total	**28,931,332**	**41.9 %**	**40,002,561**	**58.0 %**	**62,067**	**0.1 %**	**68,995,960**	**100.0 %**

Revenue by backlog at 31 December 2021 was as follows:

(*)	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	26,361,143	39.2 %	37,911,847	56.4 %	105,913	0.2 %	64,378,903	95.7%
Services	—	0.0 %	2,882,791	4.3 %	—	0.0 %	2,882,791	4.3%
Total	**26,361,143**	**39.2 %**	**40,794,638**	**60.7 %**	**105,913**	**0.2 %**	**67,261,694**	**100.0%**

(*) Restated.

The backlog would be equivalent to approximately 23 months of activity at 31 December 2022 (26 months at 31 December 2021).

The term of the contracts varies depending on the different business areas, with the average contract term for construction activities ranging from 1 to 5 years, for maintenance, construction and services up to 10 years, and for the construction and operation of concessions up to 30 years.

Capitalised expenses amounting to EUR 250 thousand (EUR 556 thousand in 2021), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognised under “Capitalised expenses of in-house work on assets” in the consolidated income statement for 2022.

The Group mainly includes expenses invoiced to unincorporated joint ventures in the Construction business, claims against insurance companies and grants related to income received under “Other operating income”.

28. Expenses

28.01. Procurements

The detail of this heading in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Cost of merchandise sold	69,552	171,380
Cost of raw materials and other consumables used	20,909,402	16,780,504
Contract work carried out by other companies	2,395,880	2,074,995
Impairment of merchandise, raw material and procurements	381	(7,061)
Total	**23,375,215**	**19,019,818**

28.02. Personnel expenses

The breakdown of personnel expenses in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Wages and salaries	6,131,472	5,236,548
Social security costs	885,417	801,969
Other personnal expenses	234,612	202,194
Provisions	(1,619)	(1,425)
Total	**7,249,882**	**6,239,286**

Personnel expenses amounting to EUR 4,471 thousand in 2022 (EUR 4,471 thousand in 2021) relating to ACS, Actividades de Construcción y Servicios, S.A. share option plans are recognised in the consolidated income statement. These share option plans were recognised under “Wages and salaries”.

The detail of the average number of employees, by professional category and gender, in 2022 and 2021 is as follows:

By professional category	Average number of employees					
	2022			2021		
	Men	Women	Total	Men	Women	Total
University graduates	11,563	4,591	**16,154**	10,994	4,386	**15,380**
Junior college graduates	1,793	2,182	**3,975**	1,822	2,247	**4,069**
Non-graduate line personnel	10,080	7,246	**17,326**	9,253	6,821	**16,074**
Clerical personnel	1,826	2,699	**4,525**	1,777	2,580	**4,357**
Other employees	29,251	55,555	**84,806**	27,900	53,047	**80,947**
Total	**54,513**	**72,273**	**126,786**	**51,746**	**69,081**	**120,827**

The distribution of the average number of employees in 2022 and 2021, by line of business, was as follows:

	Average number of employees	
	2022	2021 (*)
Construction	46,270	44,692
Concessions	402	366
Services	79,880	75,519
Corporate unit and others	234	250
Total	**126,786**	**120,827**

(*) Restated.

The average number of employees with disabilities at ACS Group companies with offices in Spain in 2022 amounted to 7,091 people (6,866 people in 2021). This represents 9.2% (10.1% in 2021) of the ACS Group's average workforce in Spain.

The breakdown of the average number of employees, by gender and professional category, with a disability greater than or equal to 33% in Spain is as follows:

	Average number of employees with disabilities >33% in Spain					
	2022			2021		
	Men	Women	Total	Men	Women	Total
University graduates	15	12	**27**	14	14	**28**
Junior college graduates	16	34	**50**	14	33	**47**
Non-graduate line personnel	1,449	1,426	**2,875**	87	153	**240**
Clerical personnel	31	80	**111**	24	73	**97**
Other employees	1,394	2,634	**4,028**	2,651	3,803	**6,454**
Total	**2,905**	**4,186**	**7,091**	**2,790**	**4,076**	**6,866**

28.03. Share-based remuneration systems

ACS

On 25 July 2018, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., making use of the authorisations granted by the shareholders at the Company's Annual General Meetings held on 28 April 2015 and 4 May 2017, and after a favourable report of the Remuneration Committee held on that same date, decided to establish an Options Plan on shares of ACS, Actividades de Construcción y Servicios, S.A. (2018 Options Plan), governed by the following terms and conditions:

a. The number of shares subject to the Options Plan will be a maximum of 12,586,580 shares, of EUR 0.50 par value each.

b. The beneficiaries are 271 executives with options from 500,000 to 200,000.

c. The acquisition price will be EUR 37,170 per share. This price will change by the corresponding amount should a dilution take place.

d. The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after 1 July 2018, inclusive. However, in the case of an employee's contract being terminated for reasons without just cause or if it is the beneficiary's own will, the options may be proportionally exercised six months following the event in question in the cases of death, retirement, early retirement or permanent disability, and after 30 days in all other cases.

e. For the execution by each beneficiary of the options that have been assigned to them, it will be required that the operational, financial and sustainability-related performance of the ACS Group during the period 2018-2020 exceed the average parameters of the main comparable companies on the market and, for this purpose, a selection has been made of the listed companies that compete in the same markets as the ACS Group (Europe, the Americas and Australia), with capitalisation greater than EUR 1,000 million and whose international sales exceed 15% of their total revenue. In order for the options to be exercised by the beneficiaries, the following two criteria are established, one of which is financial in nature and the other non-financial, and with different weightings:

1. Financial criterion with a weighting of 85%: ROE: The objective set is to exceed average profitability in the sector over the period 2018-2020. If the ACS figure exceeds the sector average, 100% of the options foreseen will be allocated. If the ACS figure does not exceed the 25th percentile of the sector sample, 50% of the options will be allocated, with intermediate positions weighted proportionally between 50% and 85%. This criterion has already been met since the ACS's average ROE for the period 2018-2020 was 19.6% compared to 10.5% of the adjusted average of the sector (without considering companies with losses).
2. A non-financial criterion with a weighting of 15%: Sustainability: The objective set is to exceed for at least two years the 60th percentile in the world ranking table produced annually by RobecoSAM for the Dow Jones Sustainability Index. This criterion has also been met because ACS has been included in the DJSI World Index in the last two years.
3. Tax withholdings and the taxes payable as a result of exercising the share options will be borne exclusively by the beneficiaries.

The stock market price of ACS shares at 31 December 2022 and 2021 was EUR 26,770 and EUR 23,570 per share, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to the plans described above, the share options are to be settled through equity instruments and never in cash. However, since the Parent Company has hedged the commitments arising from these plans with a financial institution, their settlement will not involve, under any circumstances, the issue of equity instruments in addition to those outstanding as at 31 December 2022. In 2022, EUR 4,471 thousand (see Note 28.02) (EUR 4,471 thousand in 2021) related to share-based remuneration were recognised as personnel expenses in the consolidated income statement, with a balancing entry in equity. To calculate the total cost of the above share plans, the Parent Company considered the finance cost of the plans on the date on which the plan was granted based on the futures curve on the notional value of each of them, the effect of the estimated future dividends during the period of the plans, and the value of the put option granted to the financial institution by applying the Black-Scholes formula. This cost is distributed over the vesting years of the plan.

HOCHTIEF

Within the Hochtief Group, there are also share-based payment remuneration systems for the Group's management. All of these share option plans form part of the remuneration system for senior executives of Hochtief, and long-term incentive plans. The total amount provisioned for these share-based payment plans at 31 December 2022 is EUR 3,768 thousand (EUR 6,682 thousand at 31 December 2021). EUR 1,007 thousand (EUR 765 thousand in 2021) were recorded in the consolidated income statement in this connection in 2022. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives that are not considered to be accounting hedges.

The following share-based remuneration plans were in force for executives of Hochtief, A.G. and its investees in 2022:

Long-term Incentive Plan 2017

The Long-term Incentive Plan 2017 (LTIP 2017) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the adjusted available cash flow existing in the last full year before the exercise date.

The gain is limited to EUR 514.62 per PSA.

The plan was fully exercised in 2022.

Long-term Incentive Plan 2018

The Long-term Incentive Plan 2018 (LTIP 2018) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company in the last full year before the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow.

The gain is limited to EUR 533.70 per PSA.

Long-term Incentive Plan 2019

The Long-term Incentive Plan 2019 (LTIP 2019) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company in the last full year before the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow.

The gain is limited to EUR 477.12 per PSA.

Long-term Incentive Plan 2021

The Long-term Incentive Plan 2021 (LTIP 2021) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company over the last three years before the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow in the last full year before the exercise date.

The gain is limited to EUR 292.95 per PSA.

Long-term Incentive Plan 2022

The Long-term Incentive Plan 2022 (LTIP 2022) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the adjusted available cash flow existing in the last full year before the exercise date.

The gain is limited to EUR 261.03 per PSA.

The terms and conditions of all plans stipulate that, when this right is exercised —and subject to fulfilment of all other requisite criteria— Hochtief, A.G. normally has the option of delivering Hochtief shares instead of paying out the gain in cash. When the entitled individuals are not employees of Hochtief, A.G., the expenses incurred on exercise are borne by the investee concerned.

The amounts granted, expired and exercised under the plans to date are as follows:

	Originally granted	Outstanding at 31 Dec 2021	Granted in 2022	Expired in 2022	Exercised / settled in 2022	Disposal / Sale	Outstanding at 31 Dec 2022
LTIP 2017 – performance stock awards	20,081	2,200	—	—	2,200	—	—
LTIP 2018 – performance stock awards	20,069	17,619	—	—	15,719	—	1,900
LTIP 2019 – performance stock awards	21,485	21,185	—	—	2,150	—	19,035
LTIP 2021 – performance stock awards	12,857	12,857	—	—	—	—	12,857
LTIP 2022 – performance stock awards	—	—	3,133	—	—	—	3,133

Provisions recognised for the share-based payment plans totalled EUR 3,768 thousand at the reporting date (EUR 6,682 thousand in 2021). The total income recognised for the plans declared in 2022 amounted to EUR 1,007 thousand (EUR 765 thousand in 2021). The intrinsic value of options to be exercised at the end of the reporting period was EUR 1,154 thousand (EUR 1,321 thousand in 2021).

28.04. Changes in fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments that do not meet the efficiency criteria provided in IAS 39, or that are not hedging instruments. The most significant effect in 2022 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A. share options, which gave rise to a profit of EUR 40,992 thousand (a loss of EUR 45,142 thousand in 2021), as described in Note 22. Additionally, this heading reflects the positive effect associated with the derivatives on ACS shares (forward contracts settled by differences), which resulted in a profit of EUR 123,737 thousand (a loss of EUR 48,321 thousand in 2021).

28.05. Financial costs

The breakdown of financial costs in 2022 and 2021 is as follows:

Financial costs	Millions of Euros	%	Millions of Euros	%
	2022		2021	
Debt-related financial expenses	361.1	75	268.7	74
Financial expenses for Collateral and Guarantees	27.1	6	26.9	7
Other financial expenses	96.0	19	66.9	19
Total	**484.2**	**100**	**362.5**	**100**

The ordinary financial expense increased due to the rise in interest rates (which also affects financial income), although the impact on expenses is limited since most of the Group's debt is hedged against interest rate fluctuations. In addition, financial costs rose as a result of the costs related to financing the Cimic takeover bid.

29. Impairment and gains or losses on disposal of non-current assets and financial instruments, other operating expenses and other gains or losses

a) Impairment and gains or losses on disposal of non-current assets

The breakdown of "Impairment and gains or losses on the disposal of non-current assets" in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Impairment / Reversal of assets	(117,794)	(298,586)
Gains or losses on disposal of assets	810,440	98,944
Total	**692,646**	**(199,642)**

In 2022, "Gains or losses on disposal of non-current assets" includes the result of the agreements reached with the Vinci Group to modify certain carve out transactions, such as the 24.99% holding of Zero-E Euro Assets, S.A. and those related to the photovoltaic energy development projects located in Spain, and the results of the sale of the Vientos del Pastorale, S.A. and Parque Eólico Kiyú, S.A. wind farms in Uruguay, and the Hidromanta hydroelectric plant in Peru owned by Spinning Assets, S.L.U. (see Note 03.09.01).

Furthermore, in 2022 this heading most notably includes the capital gains recognised in relation to the purchase of an additional 56.76% of the SH 288 highway, which allows the Company, along with the 21.62% previously held, to obtain control of this company and manage its relevant activities and, therefore, it is no longer accounted for using the equity method but rather is fully consolidated at the fair value of the transaction. The measurement at fair value is therefore based on the portion previously held by the Group (21.62%) in the amount of EUR 334.8 million (see Note 02.02.f).

This heading of the consolidated income statement includes the effects of the exclusion of Ventia from the consolidation perimeter of Cimic in the first quarter of 2022 as a result of losing its status as associate, whereby it is now recognised as a financial asset under IFRS 9 at fair value through profit and loss based on Ventia's quoted market price at that date. This resulted in a profit of EUR 338.3 million (AUD 502 million) for Cimic recognised at 31 March 2022 under "Impairment and gains or losses on disposal of non-current assets" as indicated in Note 02.02.f.

On 11 April 2022, Cimic entered into a conditional and confidential commercial agreement with its consortium partners and JKC, which resulted in a complete and final agreement on all matters in relation to the CCPP contract. The effects on Cimic's income statement as a result of the agreement in relation to the CCPP project amounting to EUR 325 million (AUD 493 million) are recognised under "Other operating expenses" in the accompanying consolidated income statement. As part of this agreement, Cimic paid EUR 127 million in April 2022 and will pay EUR 198 million in March 2023, which is recognised under "Trade and other payables" in the consolidated statement of financial position at 31 December 2022.

In 2021, "Gains or losses on disposal of non-current assets" includes the profit on the sale of the shares representing the entire share capital of Continental Rail, S.A.U. on 30 June 2021 for EUR 14.8 million to the French group CMA CGM (see Note 01.08), the acquisition of a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., through which control over the company was obtained, which was then fully consolidated instead of accounted for using the equity method (see Note 03.09.01), and the gains on the sale (see Note 02.02.f) of the transmission lines in Brazil, the Bonete and Galisteo photovoltaic plants, the Toledo Hospital, the public offering of Ventia's shares and the earn-out received in the year from the sale of Urbaser in 2016 for EUR 28 million. "Impairment/Reversal of impairment on non-current assets" relates mainly to the provisions made as a result of the reassessment of the Group's operating risks at the end of 2021.

The impairment losses recognised in the consolidated income statement in 2022 amounting to EUR 50,309 thousand mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC (see Note 06).

b) Impairment and gains or losses on disposal of financial instruments

The breakdown of "Impairment and gains or losses on the disposal of financial instruments" in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Impairment of financial instruments	(428)	11,409
Gains or losses on disposal of financial instruments	7,773	2,858
Total	**7,345**	**14,267**

c) Other results

"Other results" in the consolidated income statement, which amounts to a loss of EUR 277,597 thousand in 2022 (loss of EUR 246,790 thousand in 2021), mainly includes amounts related to extraordinary work completed and indemnities or litigation relating to work completed with losses in previous years on various international projects; in addition, in 2022 it is mainly the result of the new policy implemented for recognising income based on the new contract profiles.

In 2021 this heading also included restructuring costs and cost overruns that could not be recovered as a result of the pandemic during that year.

30. Distribution of profit

As in previous years, at the date of the call notice of the Annual General Meeting, the Parent Company's Board of Directors agreed to propose an alternative remuneration system allowing shareholders to receive bonus shares of the Company, or cash through the sale of the corresponding bonus issue rights. This option would be instrumented through a bonus issue, which will be subject to approval by the shareholders at the Company's General Meeting. In the event that it is approved, the bonus issue could be executed by the Board of Directors on up to two occasions, in July and in the first few months of the following year, coinciding with the times when dividends are customarily paid. During the execution of each bonus issue, each shareholder of the Company receives a bonus issue right for each share. The rights received will be traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. Depending on the alternative chosen, shareholders would be able to either receive new bonus shares of the Company or sell their bonus issue rights on the market or sell them to the Company at a specific price calculated using the established formula.

The proposed distribution of the profit for 2022 that will be submitted by the Parent Company's Board of Directors to the shareholders at the Annual General Meeting is the confirmation of the interim dividend of EUR 0.05 per share approved by the Board on 28 July 2022 and paid on 4 August 2022 for a total of EUR 13,437 thousand and the remainder will be transferred to voluntary reserves in the amount of EUR 442,437 thousand.

31. Earnings per share from continuing and discontinued operations

31.01. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2022	2021	Change (%)
Net profit for the period (Thousands of Euros)	668,227	3,045,413	(78.06)
Weighted average number of shares outstanding	266,979,163	283,680,866	(5.89)
Basic earnings per share (Euros)	**2.50**	**10.74**	**(76.72)**
Diluted earnings per share (Euros)	**2.50**	**10.74**	**(76.72)**
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	65,333	3,946,764	(98.34)
Basic earnings per share from discontinued operations (Euros)	0.24	13.91	(98.27)
Basic earnings per share from continuing operations (Euros)	**2.26**	**(3.18)**	**(171.07)**
Diluted earnings per share from discontinued operations (Euros)	0.24	13.91	(98.27)
Diluted earnings per share from continuing operations (Euros)	**2.26**	**(3.18)**	**(171.07)**

	Number of shares	
	2022	2021
Common shares outstanding at 01 January	275,787,918	285,059,953
Effect of own shares	(17,527,978)	(9,272,035)
Effect of shares issued	12,180,186	10,897,723
Effect of redeemed shares	(12,180,186)	(10,897,723)
Common shares outstanding at 31 December	258,259,940	275,787,918
Weighted average number of shares outstanding at 31 December	266,979,163	283,680,866

31.02. Diluted earnings per share

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. The ACS share option plan currently in force (see Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 31 December 2022, as a result of the simultaneous share capital increase and reduction decided in 2022 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2022 are the same.

32. Events after the reporting date

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the first capital reduction through the retirement of treasury shares, which was approved at the same General Meeting, for a maximum amount equal to the amount by which the share capital was actually increased as a result of the first capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the first capital increase charged to reserves agreed at the Annual General Meeting held on 6 May 2022 (through which an optional dividend in shares or cash is structured) was set at 4,899,389 shares on 17 January 2023.

ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase from its shareholders the bonus issue rights corresponding to this first capital increase at a price that was set at a fixed gross amount of EUR 0.48 for each right.

After the negotiation period for the bonus issue rights corresponding to the first bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 43.29% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2023 the following events took place:

- The dividend was determined to be a total gross amount of EUR 59,041,206.72 (EUR 0.48 per share) and was paid on 7 February 2023.
- The number of final shares subject to the capital increase was 2,331,835 for a nominal amount of EUR 1,165,917.50, which were redeemed simultaneously for the same amount. (see Note 15.04).

On 17 January 2023, Iridium Infraestructuras, through its North American subsidiary ACS Infrastructure Development, Inc., and after the conditions precedent to take control of the company were met in December 2022 (see Note 02.02.f), purchased a 56.76% shareholding to reach a total interest of 78.38% in the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH 288 highway in Houston, Texas (United States), which includes two toll lanes in each direction in the median. The acquisition cost amounted to EUR 1,063.62 million.

On 20 February 2023, ACS, Actividades de Construcción y Servicios, S.A. reached an agreement to extend the forward contract involving a total of 11,968,007 treasury shares, to be settled exclusively in cash by differences between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 22).

33. Related party transactions and balances

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's separate financial statements.

The Group companies perform all of their transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Parent Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

33.01. Transactions with associates

During the year, the Group companies performed the following transactions with related parties that do not form part of the Group:

	Thousands of Euros	
	2022	2021
Sale of goods and services	152,334	109,937
Purchase of goods and services	113	(63)
Accounts receivable	329,940	321,351
Accounts payable	89,628	134,072

Transactions between related parties are carried under normal market conditions.

33.02. Related party transactions and balances

Transactions with related parties are carried out in accordance with the criteria set out in Spanish Law 5/2021, of 12 April, which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, included in the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, which, among other matters, determines the rules applicable to transactions that listed companies or their subsidiaries enter into with parties related to the listed company and that are regulated in sections 529 vicies to 529 tervicies of the Corporate Enterprises Act.

Transactions between individuals, companies or Group entities related to Group shareholders or directors

The following transactions were performed in 2022:

2022 Related transactions Management or collaboration contracts	Other related parties		Total
	Others	Total	
	Miles de Euros		
Services rendered	156	**156**	**156**
Income	**156**	**156**	**156**

2022 Related transactions Other transactions	Other related parties	
	Fapin Mobi, S.L.	Total
	Miles de Euros	
Dividends and other profit distributed	1,467	**1,467**

The following transactions were performed in 2021:

2021 Related transactions Management or collaboration contracts	Other related parties			Total
	Fidalser, S.L.	Others	Total	
	Miles de Euros			
Services received	65	1	**66**	**66**
Expenses	**65**	**1**	**66**	**66**
Services rendered	—	212	**212**	**212**
Income	**—**	**212**	**212**	**212**

2021 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
	Thousands of Euros		
Financing agreements: loans and capital contributions (lender)	415,452	—	**415,452**
Dividends and other profit distributed	—	1,206	**1,206**

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. The transactions with Fidalser, S.L. and Fapin Mobi, S.L. are detailed in accordance with the relationship of the Board member Pedro Lopez Jimenez with these companies. The transactions with Banco Sabadell in 2021 were detailed in accordance with the relationship of the Board member Javier Echenique until he ceased to hold the position of Vice President at the bank in July 2021.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business, and related to ordinary Group company transactions.

Transactions between companies forming part of the consolidated ACS Group were eliminated in the consolidation process and form part of the ordinary business conducted by these companies in terms of their purpose and contractual conditions. Transactions are carried out on an arm's length basis and disclosure is not required to present a true and fair view of the Group's equity, financial situation and results.

34. Board of Directors and senior executives

The Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as Board members of the Parent Company or Board members or senior executives of Group companies for the years ended 31 December 2022 and 2021:

	Thousands of Euros	
	2022	2021
Remuneration for membership of the Board and / or Commissions	3,637	3,760
Wages	4,937	4,766
Variable cash remuneration	7,954	5,558
Payment systems based on financial instruments	484	—
Total	**17,012**	**14,084**

The amount charged to the consolidated income statement in relation to share options granted in 2018 to Board members with executive duties was EUR 278 thousand (EUR 457 thousand in 2021). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to Board members relating to mutual funds, pension plans and life insurance at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Long-term savings systems	2,564	3,252
Other concepts	75	33
Total	**2,639**	**3,285**

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the Board members at 31 December 2022 and 2021.

34.01. Transactions with members of the Board of Directors

The transactions with Board members or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

34.02. Remuneration of Senior Executives

The remuneration paid to the Group's senior executives, who are not executive directors, for the periods ended 31 December 2022 and 2021, was as follows:

	Thousands of Euros	
	2022	2021
Salary remuneration (fixed and variable)	22,952	23,526
Pension plans	2,062	2,067
Life insurances	52	42

The amounts recognised in the consolidated income statement in 2022 as a result of the share options granted to the Group's senior executives in July 2018 amounted to EUR 2,757 thousand (EUR 4,014 thousand in 2021) and are not included in the above remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the senior executives at 31 December 2022 and 2021.

35. Other disclosures concerning the Board of Directors

In accordance with the information held by the Company, no direct or indirect conflicts of interest arise with the Company as set out in applicable regulations (currently in accordance with that established in section 229 of the Corporate Enterprises Act), all without prejudice to the information on related party transactions reflected in the notes to the financial statements. The amount corresponding to the premiums for the third-party liability insurance taken out on behalf of the Parent Company's directors, among others, amounted to EUR 2,399 thousand in 2022 (EUR 2,648 thousand in 2021).

In 2022 and 2021, the Company had commercial relationships with companies in which some of their directors perform management functions. All these commercial relationships were carried out on an arm's length basis in the ordinary course of business, and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

36.01. Guarantee commitments to third parties

The ACS Group has provided guarantees and sureties to third parties in connection with its business activities, with the amounts arranged for these line items detailed as follows:

	Thousands of Euros	
	Disposed	
	31/12/2022	31/12/2021
Technical guarantees	6,958,193	6,852,857
Financial guarantees	268,310	322,396
Guarantees and guarantees in relation to Bonding Lines	16,848,333	13,750,333
Total	**24,074,836**	**20,925,586**

The limit of the guarantees and sureties granted to third parties at 31 December 2022 amounted to EUR 29,359,222 thousand (EUR 26,822,795 thousand at 31 December 2021).

The financial guarantees amounting to EUR 268 million (EUR 322 million at 31 December 2021) include EUR 66 million for progress guarantees (EUR 126 million at 31 December 2021), EUR 93 million correspond to capital contribution commitments for projects (EUR 90 million at 31 December 2021), with the remaining EUR 110 million corresponding to other financial guarantees (EUR 106 million at 31 December 2021). The year-on-year increase in technical guarantees and guarantees and sureties in relation to bonding lines is mainly due to the inclusion of new projects and to a lesser extent to fluctuations in the exchange rate.

The guarantees and sureties in relation to bonding Lines mentioned in the table above correspond to the guarantee of execution of the projects and operations carried out by Dragados and Hochtief mainly in the United States and Canada signed with various insurance companies.

The above amounts include the guarantees granted by Cimic on the sale of Thiess to Elliot (as described in Note 09). The ACS Group has recognised as a derivative financial instrument the value of the put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. The fair value of the option at 31 December 2022 (see Note 22) amounts to EUR 2.77 million (AUD 4.35 million). At 31 December 2021, the fair value of the option (see Note 11) was EUR 8.3 million (AUD 13.0 million). In addition, in relation to Elliot, Thiess issued Class C preference shares, as indicated in Notes 09 and 22. Therefore, there are agreements relating to Thiess Class C preference shares. Under the agreement, Elliott has the option to sell its Class C preference shares to Cimic within 42 months. The term begins six months after the period for exercising the put option expires or six months after the date on which Elliott ceases to hold the shares or announces that it will exercise the option to sell all remaining shares (the “Thiess option”). At 31 December 2022, the fair value of the Thiess option was determined to be AUD 1.68 million (EUR 1.07 million).

The ACS Group’s directors do not expect any material liabilities additional to those recognised in the accompanying consolidated statement of financial position to arise as a result of the transactions described in this Note. The contingent liabilities include the normal liability of the companies with which the Group carries out its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the construction or maintenance services or assistance to people, both by the companies themselves or the unincorporated joint ventures in which they have interests.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession agreements, etc.

All of the project financing, including that under “Non-current assets in projects” and that under “Non-current assets held for sale and discontinued operations” in the accompanying consolidated statement of financial position, whether fully consolidated or accounted for using the equity method, has construction guarantees until the project enters into service.

The Group has income recognition policies in place for its construction activities that are based on the certainty of collection, in accordance with the contractual terms and conditions of the agreements executed. However, there are certain outstanding balances receivable that are under dispute with the corresponding customers or even — particularly as regards international works — that require certain experts necessary to intermediate as arbitration processes have commenced to resolve such disputes. The payments arising from lawsuits involving the ACS Group in 2022 and 2021 most notably include the payments made in 2022 by Hochtief in the amount of EUR 238 million for the settlement of the CCPP project in Australia and the final payment for the Chilean Alto Maipo project, and payments for legal costs and financial expenses in the amount of EUR 40 million arising from the lawsuit relating to the closure of the Seattle project (see Note 03.23).

36.02. Other contingent liabilities

In the course of its activities, the ACS Group is subject to various types of contingent liabilities that arise from litigation or administrative proceedings. It is reasonable to consider that they will not have a material effect on the economic and financial position or on the solvency of the Group, and provisions have been made insofar as they may have a material adverse effect.

Both the investment of the ACS Group in Alazor (R3 and R5 highways), and the accounts receivable for Alazor have been fully provided for in the Consolidated Annual Accounts of the ACS Group for 2022 and 2021.

As regards the claim for declaratory judgment filed by the financial institutions and notified to the shareholders in October 2013, it should be noted that, after withdrawing in September 2018 the appeal they had filed against the dismissal of the appeal, the Funds acquiring the loans filed a new claim for declaratory judgment, which was notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in January 2019, in which they invoke clause two of the Support Agreement to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 179 million would correspond to the ACS Group). The Madrid Court of First Instance no. 13 dismissed the claim in full through the judgment dated 7 November 2022, absolving the Shareholders and Guarantors of all claims made against them, without ordering the claimants to pay costs. The Funds filed an appeal on 13 December 2022, and a ruling will be handed down by the Madrid Provincial Appellate Court.

As regards the claim for enforcement proceedings notified in February 2014, based on clause four (viii) of the Shareholders' Support Agreement, after the enforcement order was rendered null and void and the EUR 278.37 million deposited in the Court's account (of which EUR 87.85 million correspond to the ACS Group) were returned, the Shareholders claimed as compensation for the harm and loss caused. The Madrid Court of First Instance no. 51 upheld the Shareholders' claims by order dated 11 March 2021, recognising a total indemnity payment of EUR 26.19 million (EUR 11.3 million corresponding to the ACS Group) and ordering the Funds to pay costs. This order was ratified by the Madrid Provincial Appellate Court by order dated 7 July 2022.

In May 2019, ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified of a second claim based on clause four (viii) of the Support Agreement, although this time it was a claim for declaratory judgment. In this claim Haitong Bank S.A. Sucursal en España, acting as agent of the financial syndicate, claimed payment of EUR 562.5 million. This claim was upheld by the Madrid Court of First Instance no. 26 by means of a judgment dated 2 November 2021 (notified on 4 November 2021), in which Alazor's shareholders and their respective guarantors were ordered to pay Haitong Bank, for subsequent distribution among the creditors, the following: (i) an amount of EUR 450 million (resulting from subtracting from the total amount claimed the EUR 112.5 million corresponding to Bankia, with which the claimants entered into an out-of-court agreement); (ii) the interest applied to procedural delays accrued since 21 December 2018; (iii) the procedural default interest from the date of the judgment; and (iv) the costs. This judgment orders the shareholder Desarrollo de Concesiones Viarias Uno, S.L. and its guarantor ACS, Actividades de Construcción y Servicios, S.A. to pay EUR 132.9 million plus interest, and one fourth of the costs.

An appeal was filed against this judgment on 20 December 2021, and a ruling will be handed down by the Madrid Provincial Appellate Court. It should be noted that Haitong Bank would now be able request the provisional enforcement of the judgment and, if it is granted leave to proceed by the Court, it will issue an enforcement order indicating that each of the entities is ordered to deposit or designate assets for an amount equivalent to the portion of the principal corresponding to them and recognise a provision for interest and costs, which is usually calculated at 30% of the principal (in the case of the ACS Group this is approximately EUR 173 million). In this case, the appellants will seek to request a stay of the order or, failing that, they will propose the contribution of a guarantee or another surety instrument as a provisional alternative until a final judgment is obtained.

An analysis is underway on the impact that the following events related to the Public Administration's Liability (PAL) under the concession arrangement corresponding to the R3 and R5 highways could have on the risk associated with the ACS Group's investment in Alazor:

a. On 21 December 2021, the Ministry of Finance published on its website that the Council of Ministers has authorised the modification of the spending limits charged to future years and the extension of credit corresponding to 2021 to enable the General Directorate of Roads to meet the financial effects arising from the termination of several concession arrangements. This communication stated that, with respect to the R3 and R5 highways, the General Directorate of Roads has proposed an amount of EUR 131,773,447.03 for 2021 and EUR 304,004,675.09 for 2022.

b. On 15 January 2022, the Council of Ministers Resolution dated 28 December 2021 was published in the Official Gazette of the Spanish State (BOE), approving the execution of the first provisional settlement of the contract and the PAL corresponding to the R3 and R5 highways, with a prepayment of EUR 119,150,068.53 plus interest accruing from the date on which the order was signed that opened the liquidation phase of the concession operator's insolvency proceedings until the date of effective payment.

c. On 15 February 2022, the bankruptcy managers for Accesos de Madrid, the concession operator of the R3 and R5 highways, acknowledges that it received the EUR 131,773,447.03 as the first prepayment of the PAL and, after recalling that the financial creditors of Alazor are named in the bankruptcy of Accesos de Madrid as having a pledge in rem on the PAL, request the Judge of the insolvency proceedings to pay the amount received individually to the creditors of Accesos and Alazor, making payment in the account held by each of them as indicated by Haitong Bank.

d. On 14 March 2022, the Presiding Judge of Madrid Commercial Court no. 6 gave authorisation for the amounts received by the party to the insolvency proceedings as a prepayment of the PAL to be paid individually to each senior creditor into the current account as provided by each of them.

e. In addition, it should be noted that the Third Chamber of the Supreme Court partially upheld, in a judgment dated 28 January 2022, the appeal for judicial review filed by the shareholders and guarantors of the R3 and R5 highways against the Council of Ministers Resolution on 26 April 2019, which interpreted that the highway concession arrangements had been terminated as result of the insolvency proceedings, with respect to the method used to calculate the PAL. This judgment means that the granting authorities must review the first ruling on the liquidation of the PAL already handed down, and take into account the corrections made by the Supreme Court to the calculation method in the second ruling and in the final ruling. All of the above is expected to lead to a substantial increase in the amounts estimated by the authorities for payment of the PAL.

Lastly, in March 2023 certain conditions arose that did not exist at the end of the year, which led to a solution to positively and definitively resolve this potential impact.

In relation to the ACS Group's investment in Irasa (R2 highway), it should be noted that in September 2019 ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified that the creditor funds had filed a declaratory judgment action in which, invoking clause two of the Shareholders' Commitment Agreement, they demanded payment from the shareholders of Irasa and their respective guarantors of a total of EUR 551.50 million (EUR 193 million would correspond to the ACS Group) to cover construction and expropriation costs. This claim has been dismissed by the Madrid Court of

First Instance no. 37 on 14 July 2022, absolving the shareholders of all claims made against them and ordering the claimants to pay costs. On 8 September 2022, the Funds filed an appeal against this ruling, which has been granted leave to proceed by the Madrid Provincial Appellate Court.

The insolvency proceedings of Henarsa, Irasa, Accesos de Madrid and Alazor were all declared to be unforeseen. The Henarsa and Accesos de Madrid trustees in bankruptcy handed over the operation of the R2, R3 and R5 highways to the State in documents dated 28 February and 9 May 2018, respectively, and they are being managed by the Ministry of Transport, Mobility and Urban Agenda through SEITTSA — the state-owned land transport infrastructure company — under an agreement signed in August 2017, which was initially extended until 2022, and was once again extended until 2032.

In relation to the concession agreement for the Lima Metro Line 2 Project in Peru, the concession operator Metro de Lima Línea 2, S.A. ((in which Iridium Concesiones de Infraestructuras, S.A. holds a 25% interest) filed the following requests for arbitration:

<u>ICSID Arbitration 1</u>: On 16 January 2017, a request for arbitration against the Republic of Peru (Ministry of Transport and Communications) before the International Centre for Settlement of Investment Disputes between States and Nationals of other States (“ICSID”) for serious breach by the Republic of Peru of the concession agreement mainly consisting of: (i) the failure by the Concession Area to make delivery under the terms and conditions established in the concession agreement, and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies (“ICSID 1”).

In 2018, several briefs were filed requesting an extension of the term of execution of the Project works and compensation for damages in excess of USD 700 million, which include damages incurred by different participants in the Project (concession operator, construction group, rolling stock supplier, etc.). The Republic of Peru dismissed the claims made and included a counterclaim against the concession operator, claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

Both the claim brought by the concession operator against Peru and the counterclaim by Peru against the concession operator have been consolidated into a single arbitration process with the ICSID. The legal process having followed its normal course, in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing, and final pleadings were presented by both the concession operator and the State of Peru on 20 September 2019.

On 6 July 2021, the Court issued a partial award through the “Decision on Jurisdiction and Liability”, which dismissed the counterclaim of the Republic of Peru and upheld virtually all of the claims of the concession operator, with the final award yet to be handed down on the amount of damages and costs of the proceedings. In particular, the Decision declares that (1) the Republic of Peru has breached its obligation to deliver most of the Areas of Stage 1A and all of the Areas of Stages 1B and 2 within the periods agreed, and (2) the Republic of Peru has breached its contractual obligations regarding the procedure for overseeing and approving the Detailed Engineering Studies, and that the Republic of Peru has failed to properly exercise its contractual supervisory role. As regards damages due to delays, the claim for damages due to delays in relation to Stages 2 and 1B is fully upheld and partially upheld for Stage 1A. On 11 August 2021, the Court issued Procedural Order no. 8 instructing the experts of the concession operator and of Peru to perform additional calculations based on the findings set forth in the Decision. On 11 October 2021, following the Court’s procedural order, based on the delays determined by the Court in the Decision, the concession operator reduced its claim from USD 109.0 million to USD 84.7 million and the other members of the consortium other than the concession operator also made an adjustment to the damages initially claimed. On 30 December 2021, the concession grantor submitted to the Court its response to the concession operator’s adjusted damage calculations, rejecting most of these damages and submitting much lower alternative calculations. On 31 January 2022, the Parties submitted a joint WACC Calculator to the Arbitral Tribunal and, subsequently, each party has submitted its own “instructions” for using the Calculator. The award for damages is expected to be issued in the second quarter of 2023.

<u>ICSID Arbitration 2</u>: On 2 August 2021, the concession operator filed a new request for arbitration against Peru with the ICSID Secretariat, following the expiration of the 6-month period for direct negotiations as required by the concession agreement. As in the case of ICSID 1, this claim is mainly for serious breach by

the Republic of Peru of the Concession Agreement for (i) the failure by the Concession Area to make delivery, and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies under the terms and conditions established in Addendum 2 to the Concession Agreement, along with the updated cost overruns, and harm and loss incurred after the cut-off dates considered in ICSID 1 ("ICSID 2").

The concession operator finished appointing its experts and on 16 May 2022 the Secretary-General of the ICSID reported that the three arbitrators had accepted their corresponding appointments and that, therefore, the Arbitral Tribunal was duly constituted and the procedure initiated. The first session of the Tribunal was held on 17 June 2022 and an agreement was reached for Procedural Order no. 1, which regulates, among other matters, the procedural timetable. On 16 December 2022, the concession operator filed a Statement of Claim with the ICSID.

ICSID Arbitration 3: On 15 November 2021, the concession operator filed a new request for arbitration against Peru with the ICSID Secretariat, following the expiration of the 6-month period for direct negotiations as required by the concession agreement. The claim filed against Peru is regarding the dispute over (i) the lack of approval of the Polynomial Formulas for the adjustment to the Work Progress and Provision Progress, (ii) the delay in the certification and payment of the adjustments arising from the application of these Polynomial Formulas, and (iii) the economic and financial loss due to the delay in payment of the adjustments ("ICSID 3").

The expert has prepared the draft preliminary expert report, which is currently being reviewed by the working group. Likewise, the President has yet to be appointed for the definitive formation of the Arbitral Tribunal.

On 3 December 2015, the CNMC handed down a judgment in the proceedings against various companies, including Dragados, S.A., for alleged anti-competitive practices in relation to the modular construction business. The amount of the decision, which totals EUR 8.6 million, was the subject of an appeal filed in 2016. On 12 November 2021, the National Appellate Court handed down a judgment dismissing the appeal and confirming the liquidated damages. On 17 January 2022, it was announced that an appeal against the judgment would be filed with the Supreme Court, but it was not granted leave to proceed on 15 June 2022. The liquidated damages were paid on 5 September 2022.

On 1 October 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Act (*Ley de Defensa de la Competencia*) and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the field of tenders held by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On 16 July 2020, this accusation was declared to have exceeded its validity, although on 6 August 2020 a new accusation was brought in relation to the same facts as the expired accusation. On 16 September 2020, Dragados filed an appeal for judicial review against the ruling that decreed the expiration, which was admitted on 9 October 2020, with the claim being filed on 16 December 2020. On 6 July 2021, the Directorate of Competition of the CNMC issued a new preliminary ruling for the new accusation with proposed liquidated damages of EUR 58 million, indicating that the company could also be banned from entering into contracts with public authorities. The corresponding pleadings have been submitted against this preliminary ruling. On 15 July, the CNMC notified that a ruling had been handed down a fine of EUR 57.1 million on Dragados. This fine was appealed before the National Appellate Court and on 19 January 2023 the Court handed down its decision to suspend payment of the fine in exchange for the provision of a guarantee, which must be provided within the period indicated by the Court. Dragados and its external advisers consider that the action that was subject to this fine is not unlawful and did not restrict competition, and consider the fine to be disproportionate and lacking in justification. The Group's Management considers that the final ruling on this matter is less than probable that have a significant effect on the company.

As regards the proceedings in progress described above, the directors, with the support of their legal advisors, do not expect any material liabilities additional to those recognised in the Consolidated Annual Accounts to arise from the transactions or the results of the proceedings described in this note.

37. Information on the environment

The ACS Group 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 to be followed, but are sufficiently flexible to accommodate the elements of policy and planning development by the companies in the various business areas and meet the requirements of the most recent version of the ISO 14001 standard and other commitments assumed by the companies to other environmental standards, such as EMAS, or standards relating to their carbon footprint or water footprint. This Policy establishes the following commitments:

1. To comply with applicable regulations and standards in general and other voluntary commitments entered into in each of the offices, branches, projects, works 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 that minimise 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 stakeholders, meeting 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, customers and other stakeholders.

The significant level of implementation of an environmental management system verified by a third party, present in companies representing 94.6% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is implemented in 89.6% of the ACS Group's operations.

To implement and roll out a policy based on these environmental commitments, the most significant commitments are identified at the corporate level, based on their impact on the environment and external requirements, and are then compared with each company's management systems and the environmental priorities for each business activity.

Considering the environmental impacts identified, the main environmental activities of ACS Group companies will be specifically and operationally focused around four main areas.

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

Key Management - Environment Indicators	2022	2021 (*)
Water extraction (m3)	12,414,396	12,649,099
Ratio: m3 water / Sales (€mn)	379.9	469.1
Direct emissions (Scope 1) (tCO2 equiv.)	389,195	381,261
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	11.9	14.1
Indirect emissions (Scope 2) (tCO2 equiv.)	121,602	120,294
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	3.7	4.5
Indirect emissions (Scope 3) (tCO2 equiv.)	4,192,735	3,495,018
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	128.3	129.6
Total emissions (tCO2 equiv.)	4,703,532	3,996,573
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	143.9	148.2
Non-hazardous waste sent for management (t)	15,761,762	18,344,366
Ratio: Tons of non-hazardous waste / Sales (€mn)	482.3	680.4
Hazardous waste sent for management (t)	138,334	400,892
Ratio: Tons of hazardous waste / Sales (€mn)	4.2	14.9

*2020 data recalculated according to the scope and criteria of the data reported in 2021.

Overseeing the environmental activities of the ACS Group and implementing the planes of action and improvement programmes is the responsibility of the Environment Department of each group of companies; these departments are also responsible for taking the measures necessary to reduce and mitigate the environmental impacts of the Group’s activities.

Environmental expenses incurred in 2022 amounted to EUR 14,840 thousand (EUR 6,943 thousand in 2021).

38. Auditors’ fees

The fees for financial audit services provided to the various companies in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Audit service fees	**12,523**	**12,269**
Main auditor	8,515	7,721
Other auditors	4,008	4,548
Other verification services	**888**	**639**
Main auditor	888	639
Fees for tax services	**1,730**	**1,410**
Main auditor	419	351
Other auditors	1,311	1,059
Other services	**1,503**	**2,055**
Main auditor	345	394
Other auditors	1,158	1,661
Total	**16,644**	**16,373**

The fees relating to audit services provided by KPMG Auditores, S.L. for the Annual Accounts amounted to EUR 1,639 thousand (EUR 1,953 thousand in 2021), while those relating to other verification services amounted to EUR 419 thousand (EUR 370 thousand in 2021) and the fees for other services amounted to EUR 25 thousand (EUR 30 thousand in 2021).

In the above table, the amount of other verification services for 2022 includes EUR 419 thousand for services provided by KPMG Auditors, S.L. (EUR 370 thousand in 2021). These services correspond to the limited review of the interim consolidated financial statements, the comfort letters and the ICFR Report, which must be presented by the auditors in accordance with applicable regulations.

Likewise, in the above table, the amount of other services for 2022 includes EUR 25 thousand for services provided by KPMG Auditors, S.L. (EUR 30 thousand in 2021). These services mainly correspond to reports on agreed procedures and compliance with covenants.

Furthermore, in relation to the lead auditor, “Other verification services” essentially includes limited reviews of interim financial statements, services for issuing comfort letters services and other assurance work (ISAE 3000) provided to the Parent Company and the companies it controls. “Fees for tax services” mainly includes fees for advisory services regarding transfer pricing documentation, corporation taxes and indirect taxation. Finally, “Other services” mainly includes legal services, consultancy services and generally agreed-upon procedures.

APPENDICES

As stated in Note 02 to the financial statements, Appendices I and II list the subsidiaries, unincorporated joint ventures and economic interest groupings of the ACS Group in 2022, including their registered office and the Group's effective percentage of ownership. The effective percentage indicated in the Appendices includes, in the event it is applicable to subsidiaries, the proportionate part of the treasury shares held by the subsidiary.

For the companies domiciled in the Group's four main countries — Spain, Germany, Australia and the United States —, covering about 87% of sales, a breakdown is provided for the registered office of the main headquarters or management office, expressly declared for income tax purposes in the country of residence (in particular, 'domicilio fiscal' in Spain, 'geschaftsanschrift' in Germany, 'business address of main business' in Australia and 'corporation's principal office' or 'place of business' in the United States). In the other countries, the registered office given is the address considered legally relevant in each case.

The information is grouped in accordance with the management criteria of the ACS Group on the basis of the different business segments or lines of business carried on. Note 25.01 explains the bases for segmentation and the reorganisation carried out in the year and their restatement for the purposes of comparison, in relation to the construction and concessions businesses.

1. CONSTRUCTION

This business segment includes the construction activities through Dragados and Hochtief (including Cimic) and is aimed at carrying out all types of civil construction projects, building projects and infrastructure services.

Information is separated on the basis of the two companies heading this line of business:

– Dragados

  This includes both domestic and foreign activities relating to civil construction works (highways and roads, railways, hydraulic infrastructures, coasts and ports, etc.), and residential and non-residential buildings.

– Hochtief

  This segment includes the activities carried on by the different business segments of this company:

  - Hochtief Americas - Its activities are mainly carried on in the US and Canada and relate to the construction of buildings (public and private), infrastructure, civil engineering, and educational and sports facilities.

  - Hochtief Asia Pacific - Its activities are carried on by its Australian subsidiary Cimic, in particular construction, mining contracts (mainly through the Thiess joint venture), operation and maintenance, and the development of real estate infrastructures.

  - Hochtief Europe - This segment mainly operates through Hochtief Solutions, A.G., which designs, develops, constructs and operates infrastructure projects, real estate and facilities.

2. CONCESSIONS

The Concessions area includes the activities of Iridium and the shareholdings in Abertis and is focused on the development and operation of transport concessions.

– Iridium

  It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

– Abertis

  This relates to the ACS Group's ownership interest in Abertis.

3. SERVICES

This area only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organisations, and assistance to people. This area is mainly based in Spain but also shows incipient growth in the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers that it should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable, it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

4.- CORPORATE UNIT

This includes the activity of the Group's Parent Company, ACS, Actividades de Construcción y Servicios, S.A., in addition to other activities that cannot be assigned to the other business segments that are presented separately, such as the real estate assets developed by Cogesa and the renewable energy and water assets that the Group still holds after the sale of the Industrial business to Vinci in 2021, plus the effects of consolidation.

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
ACS, Actividades de Construcción y Servicios, S.A.	**Avda. de Pío XII, 102. 28036 Madrid. España.**	

CONSTRUCTION - DRAGADOS

Company	Registered Office	% Effective Ownership
Dragados, S.A.	**Avda. del Camino de Santiago, 50. 28050 Madrid. España.**	**100.00 %**
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal	100.00 %
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile.	50.00 %
Blue Clean Water, LLC.	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094. New Jersey. Estados Unidos.	76.40 %
Consorcio Constructor Hospital de Quellón, S.A.	Av. Tajamar, 183, depto P-5 Las Condes. Santiago de Chile. Chile.	49.99 %
Consorcio Constructor Juzgado de Garantía de Osorno, S.A.	Avda. Vitacura 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile.	100.00 %
Consorcio Constructor Puente Santa Elvira, S.A.	Avenida Tajamar 183, piso 5. Las Condes.Santiago. Chile.	49.99 %
Consorcio Dragados Conpax Dos, S.A.	Avda. Vitacura 2939 ofic 2201. Las Condes.Santiago de Chile Chile	55.00 %
Consorcio Dragados Conpax, S.A.	Avda. Vitacura 2939 ofic. 2201.Las Condes - Santiago de Chile. Chile.	60.00 %
Consorcio Embalse Chironta, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	49.99 %
Consorcio Tecdra, S.A.	Almirante Pastene, 244.702 Providencia. Santiago de Chile. Chile.	100.00 %
Construcciones y Servicios del Egeo, S.A.	Alamanas,1 151 25 Maroussi.Atenas. Grecia.	100.00 %
Drace Geocisa, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España	100.00 %
Drace Infraestructures UK, Ltd.	Regina House second floor, 1-5 Queen Street.Londres EC4N 15W. Reino Unido	100.00 %
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104.Washington. Estados Unidos.	100.00 %
Dragados Australia PTY Ltd.	Level 32, 101 Miller Street - North Sydney - 2060 - NSW. Sydney. Australia.	100.00 %
Dragados Canadá, Inc.	150 King Street West, Suite 2103.Toronto ON. Canadá.	100.00 %
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 of.2201.Las Condes.Santiago de Chile. Chile.	80.00 %
Dragados Ireland Limited	70 Sir John Rogerson's Quay, Dublin 2, D02R296. Dublin. Irlanda.	100.00 %
Dragados Norge AS	c/o Econ Partner AS, Dronning Mauds gate 15, 0250.. Oslo. Noruega.	100.00 %
Dragados UK Ltd.	Regina House 2Nd Floor, 1-5. Queen Street. EC4N 1SW-London-Reino Unido	100.00 %
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
Dycasa, S.A.	Avda.Leandro N.Alem.986 Piso 4º.Buenos Aires Argentina.	66.10 %
Electren UK Limited	Regina House 1-5 Queen Street.Londres. Reino Unido.	100.00 %
Electrén, S.A.	Avda. del Brasil, 6. 28020 Madrid. España	100.00 %
Gasoductos y Redes Gisca, S.A.	C/ Orense, 6. 2ª Planta 28020 Madrid. España	52.50 %
Geocisa UK Ltd.	Chester House, Kennington Park, 1-3 Brixton Road. Londres SW9 6DE. Reino Unido	100.00 %
Geotecnia y Cimientos del Perú, S.A.C.	C/ El Santuario, 140, Dept. 303. Callao. Lima. Perú.	100.00 %
gGravity, Inc.	810 Seventh Ave. 9th Fl., NY 10019. Nueva York. Estados Unidos.	100.00 %
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100.00 %
J.F. White Contracting Company	10 Burr Street, Framingham, MA 01701. Estados Unidos.	100.00 %
John P. Picone Inc.	31 Garden Lane. Lawrence.NY 11559 Estados Unidos.	100.00 %
Lining Precast, LLC .	P.O. Box 12274.Seattle, WA 98102. Estados Unidos.	100.00 %
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Polonia	100.00 %
Muelle Melbourne & Clark, S.A.	Avenida Tajamar 183, piso 5.Las Condes. Santiago. Chile	50.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
PA CONEX Sp. z.o.o.	Dworska 1, 05-500 (Wólka Kozodawska). Piaseczno. Polonia.	100.00 %
PA Wyroby Betonowe Sp. z.o.o.	82-300 Elblag ul. Plk. Dabka 215. Polonia	100.00 %
Piques y Túneles, S. A.	Avda. Tajamar 183, piso 5. Las Condes.Santiago de Chile. Chile	49.99 %
Polaqua Sp. z o. o.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Polonia.	100.00 %
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110.Tampa, FL, 33610. Estados Unidos.	100.00 %
Pulice Construction, Inc.	8660 E. Hartford Drive, Suite 305, Scottsdale, AZ 85255. Estados Unidos.	100.00 %
Roura Cevasa México, S.A. de C.V	Calle Oxford, 30, Colonia Juarez, CP 06600, Cuauhtemoc. Ciudad de México. México.	100.00 %
Roura Cevasa, S.A.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100.00 %
Schiavone Construction Company	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094 New Jersey. Estados Unidos.	100.00 %
Sussex Realty, LLC.	31 Garden Lane Lawrence, NY 11559. EE.UU.	100.00 %
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1 - 19200 Azuqueca de Henares.Guadalajara.España	100.00 %
Tecsa Empresa Constructora, S.A.	Plaza Circular Nº 4, planta 5ª. 48001 Bilbao. España.	100.00 %
Vias USA, Inc.	810 7th Avenue, 9th Floor. 10019 Nueva York. Estados Unidos.	100.00 %
Vías y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50.. 28050 Madrid. España.	100.00 %

CONSTRUCTION - HOCHTIEF

Hochtief Aktiengesellschaft	**Essen, Alemania**	**70.94 %**
Beggen PropCo Sàrl	Steinfort, Luxemburgo	70.94 %
Eurafrica Baugesellschaft mbH	Essen, Alemania	70.94 %
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen, Alemania	70.94 %
NEXPLORE Hong Kong Ltd.	Hongkong	70.94 %
NEXPLORE Technology GmbH	Essen, Alemania	70.94 %
NEXPLORE Technology Holding GmbH & Co. KG	Essen, Alemania	70.94 %
NEXPLORE Technology Verwaltungs GmbH	Essen, Alemania	70.94 %
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo, Luxemburgo	70.94 %
Steinfort PropCo Sàrl	Steinfort, Luxemburgo	70.94 %
Stonefort Captive Management S.A.	Steinfort, Luxemburgo	70.94 %
Stonefort Insurance Holdings S.A.	Steinfort, Luxemburgo	70.94 %
Stonefort Insurance S.A.	Steinfort, Luxemburgo	70.94 %
Stonefort Reinsurance S.A.	Luxemburgo, Luxemburgo	70.94 %
Vintage Real Estate HoldCo Sàrl	Steinfort, Luxemburgo	70.94 %

Hochtief Americas

Hochtief Americas GmbH	**Essen, Alemania**	**70.94 %**
Auburndale Company Inc.	Ohio, Estados Unidos	70.94 %
Audubon Bridge Constructors	New Roads, Estados Unidos	38.31 %
Canadian Borealis Construction Inc.	Alberta, Canadá	55.32 %
Canadian Turner Construction Company Ltd.	Toronto, Canadá	70.94 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
CB Finco Corporation	Alberta, Canadá	55.32 %
CB Resources Corporation	Alberta, Canadá	55.32 %
Clark Builders Partnership	Alberta, Canadá	55.32 %
Clark Turner Dawson Creek JV	Vancouver, Canadá	63.14 %
E.E. Cruz and Company Inc.	Holmdel, Estados Unidos	70.94 %
FECO Equipment	Denver, Estados Unidos	70.94 %
Flatiron Construction Corp.	Wilmington, Estados Unidos	70.94 %
Flatiron Constructors Canada Ltd.	Vancouver, Canadá	70.94 %
Flatiron Constructors Inc.	Wilmington, Estados Unidos	70.94 %
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone. Estados Unidos.	42.57 %
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canadá	70.94 %
Flatiron Electric Group	Wilmington, Estados Unidos	70.94 %
Flatiron Equipment Company Canada	Calgary, Canadá	70.94 %
Flatiron Holding Inc.	Wilmington, Estados Unidos	70.94 %
Flatiron Parsons JV	Los Angeles, Estados Unidos	49.66 %
Flatiron West Inc.	Wilmington, Estados Unidos	70.94 %
Flatiron/Goodfellow Top Grade JV	Wilmington, Estados Unidos	51.43 %
Flatiron/Turner Construction of New York LLC	New York, Estados Unidos	70.94 %
Flatiron-Blythe Development Company JV	Firestone, Estados Unidos	49.66 %
Flatiron-Branch Civi JV	Broomsfield, Estados Unidos	42.57 %
Flatiron-Lane JV	Longmont, Estados Unidos	39.02 %
Flatiron-Skanska-Stacy and Witbec JV	San Marcos, Estados Unidos	28.38 %
HOCHTIEF Argentina S.A.	Buenos Aires, Argentina	70.94 %
HOCHTIEF USA Inc.	Delaware. Estados Unidos	70.94 %
Lakeside Alliance	Chicago. Estados Unidos	36.18 %
Maple Red Insurance Company	Vermont, Estados Unidos	70.94 %
OMM Inc.	Plantation, Estados Unidos	70.94 %
Real PM Ltd.	Reino Unido	70.94 %
Saddleback Constructors	Mission Viejo, Estados Unidos	38.31 %
Services Products Buildings Inc.	Ohio, Estados Unidos	70.94 %
SourceBlue Canada Ltd.	Toronto, Canadá	70.94 %
SourceBlue LLC	New Jersey, Estados Unidos	70.94 %
Stratus Risk Management Associates Inc.	New York, Estados Unidos	70.94 %
The Lathrop Company Inc.	Ohio, Estados Unidos	70.94 %
The Turner Corporation	Dallas, Estados Unidos	70.94 %
Tompkins Builders Inc.	Washington. Estados Unidos	70.94 %
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland. Estados Unidos	36.18 %
Trans Hudson Brokerage, LLC	Delaware. Estados Unidos.	70.94 %
TUJV	Atlanta, Estados Unidos	56.76 %
Turner - d'Escoto-Brwon & Momen-Cullen JV	Illinois, Estados Unidos	35.54 %
Turner – d'Escoto-Powers & Sons-Cullen JV (Chicon Collaborative)	Illinois, Estados Unidos	41.15 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas, Estados Unidos	46.11 %
Turner - Power & Sons	Illinois, Estados Unidos	53.21 %
Turner (East Asia) Pte. Ltd.	Singapur	70.94 %
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood, Estados Unidos	35.47 %
Turner Canada Holdings Inc.	New Brunswick, Canadá	70.94 %
Turner Canada LLC	New York, Estados Unidos	70.94 %
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago, Estados Unidos	36.18 %
Turner Clayco Willis Tower JV (Willis Tower)	Chicago, Estados Unidos	36.18 %
Turner Construction Company	New York, Estados Unidos	70.94 %
Turner Construction Company of Ohio LLC	Ohio, Estados Unidos	70.94 %
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany, Estados Unidos	42.57 %
Turner Consulting (Thailand) Ltd.	Tailandia	70.94 %
Turner Consulting and Management Services Pvt. Ltd.	India	70.94 %
Turner Corenic Suitland and HS Complex Replacement	Maryland, Estados Unidos	49.66 %
Turner FS360 II A JV	Atlanta, Estados Unidos	56.76 %
Turner Holt JV	North Carolina, Estados Unidos	56.76 %
Turner ImbuTec	Pittsburgh, Estados Unidos	53.21 %
Turner International (East Asia) Ltd.	Hongkong	70.94 %
Turner International (Hong Kong) Ltd.	Hongkong	70.94 %
Turner International (UK) Ltd.	Londres, Reino Unido	70.94 %
Turner International Consulting (Thailand) Ltd.	Tailandia	35.47 %
Turner International Industries Inc.	New York. Estados Unidos	70.94 %
Turner International LLC	New York. Estados Unidos	70.94 %
Turner International Malaysia Sdn. Bhd.	Malasia	70.94 %
Turner International Professional Services Ltd. (Ireland)	Irlanda	70.94 %
Turner International Professional Services, S. de R.L. de C.V.	México	70.24 %
Turner International Proje Yonetimi Ltd. Sti.	Turquía	70.94 %
Turner International Pte. Ltd.	Singapur	70.94 %
Turner International Support Services, S. de R.L. de C.V.	México	70.24 %
Turner Mahogany UMMC STC Renewal III JV	Baltimore, Estados Unidos	45.40 %
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	70.94 %
Turner One Way	Boston, Estados Unidos	56.76 %
Turner One Way II	Boston, Estados Unidos	53.21 %
Turner Partnership Holdings Inc.	New Brunswick, Canadá	70.94 %
Turner Paschen Aviation Partners JV II	Illinois, Estados Unidos	36.18 %
Turner Project Management India Pvt. Ltd.	India	70.94 %
Turner Sanorubin JV (Health Alliance)	Albany, Estados Unidos	36.18 %
Turner Shook Champion Partners	Cleveland, Estados Unidos	35.54 %
Turner Southeast Europe d.o.o Beograd	Belgrado, Serbia	70.94 %
Turner Surety & Insurance Brokerage Inc.	New Jersey, Estados Unidos	70.94 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Turner TEC JV	Kalifornien, Estados Unidos	56.76 %
Turner TWC JV	Iowa, Estados Unidos	63.85 %
Turner Vietnam Co. Ltd.	Vietnam	70.94 %
Turner Watson JV	Philadelphia, Estados Unidos	42.57 %
Turner/Flatiron JV	San Diego, Estados Unidos	70.94 %
Turner/Janey/J&J JV	Masachusetts, Estados Unidos	42.57 %
Turner-Flatiron JV (Denver International Airport)	Colorado, Estados Unidos	70.94 %
Turner-Janey JV	Boston, Estados Unidos	49.66 %
Turner-Kiewit JV (GOAA South Airport)	Florida, Estados Unidos	56.76 %
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York, Estados Unidos	42.57 %
Turner-PCL JV (LAX Midfield)	New York, Estados Unidos	35.47 %
Turner-PCL JV (San Diego Airport)	San Diego, Estados Unidos	35.47 %
Turner-SG Contracting (Hartfield Jackson)	Georgia, Estados Unidos	53.21 %
Turner FS360	Atlanta, Estados Unidos	49.66 %
Universal Construction Company Inc.	Alabama, Estados Unidos	70.94 %
West Coast Rail Constructors	San Marco, Estados Unidos	46.11 %

Hochtief Asia Pacific

Hochtief Asia Pacific GmbH	**Essen, Alemania**	**70.94 %**
Hochtief Australia Holdings Ltd.	**Sydney, Australia**	**70.94 %**
Cimic Group Ltd.	**Victoria, Australia**	**70.94 %**
512 Wickham Street Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
512 Wickham Street Trust	Nueva Gales del Sur, Australia	70.94 %
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	70.94 %
A.C.N. 151 868 601 Pty. Ltd.	Victoria, Australia	70.94 %
Alloy Fab Pty. Ltd.	Western Australia, Australia	70.94 %
Arus Tenang Sdn. Bhd.	Malasia	70.94 %
BCJHG Nominees Pty. Ltd.	Victoria, Australia	70.94 %
BCJHG Trust	Victoria, Australia	70.94 %
Broad Construction Pty. Ltd.	Queensland, Australia	70.94 %
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	70.94 %
Broad Construction Services (WA) Pty. Ltd.	Western Australia, Australia	70.94 %
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	70.94 %
CIMIC Admin Services Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
CIMIC Finance (USA) Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
CIMIC Finance Ltd.	Nueva Gales del Sur, Australia	70.94 %
CIMIC Group Investments No. 2 Pty. Ltd.	Victoria, Australia	70.94 %
CIMIC Group Investments No. 3 Pty. Ltd.	Victoria, Australia	70.94 %
CIMIC Group Investments Pty. Ltd.	Victoria, Australia	70.94 %
CIMIC Residential Investments Pty. Ltd.	Victoria, Australia	70.94 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
CM2A Finance Pty. Ltd.	Victoria, Australia	70.94 %
CMENA Pty. Ltd.	Victoria, Australia	70.94 %
CPB Contractors (PNG) Ltd.	Papua Nueva Guinea	70.94 %
CPB Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
CPB Contractors UGL Engineering JV	Victoria, Australia	70.94 %
Curara Pty. Ltd.	Western Australia, Australia	70.94 %
D.M.B. Pty. Ltd.	Queensland, Australia	70.94 %
Dais Vic Pty. Ltd.	Victoria, Australia	70.94 %
Devine Constructions Pty. Ltd.	Queensland, Australia	70.94 %
Devine Funds Pty. Ltd.	Victoria, Australia	70.94 %
Devine Funds Unit Trust	Queensland, Australia	70.94 %
Devine Homes Pty. Ltd.	Queensland, Australia	70.94 %
Devine Land Pty. Ltd.	Queensland, Australia	70.94 %
Devine Management Services Pty. Ltd.	Queensland, Australia	70.94 %
Devine Pty. Ltd.	Queensland, Australia	70.94 %
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	70.94 %
Devine SA Land Pty. Ltd.	Queensland, Australia	70.94 %
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	70.94 %
Ecco Engineering Company Ltd.	Hongkong	70.94 %
EIC Activities Pty. Ltd.	Victoria, Australia	70.94 %
EIC Activities Pty. Ltd. (NZ)	Nueva Zelanda	70.94 %
Giddens Investment Ltd.	Hongkong	70.94 %
Glenrowan Solar Farm Trust	Australia	70.94 %
Glenrowan Solar Finance Pty. Ltd.	Victoria, Australia	70.94 %
Glenrowand Solar Farm Pty. Ltd.	Victoria, Australia	70.94 %
Glenrowand Solar Holdings Pty. Ltd.	Victoria, Australia	70.94 %
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	70.94 %
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Victoria, Australia	70.94 %
ICC Infrastructure Pty. Ltd.	Western Australia, Australia	70.94 %
ICC Mining Pty. Ltd.	Western Australia, Australia	70.94 %
IDD Technology Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Industrial Composites Engineering Pty. Ltd.	Western Australia, Australia	70.94 %
Innovated Asset Solutions Pty. Ltd. & UGL Operations and Maintenance (Services) Pty. Ltd.	Western Australia, Australia	70.94 %
Innovative Asset Solutions Group Pty. Ltd.	Western Australia, Australia	70.94 %
Jarrah Wood Pty. Ltd.	Western Australia, Australia	70.94 %
Jet-Cut Pty. Ltd.	Western Australia, Australia	70.94 %
JH ServicesCo Pty. Ltd.	Victoria, Australia	70.94 %
JHAS Pty. Ltd.	Victoria, Australia	70.94 %
JHI Investment Pty. Ltd.	Victoria, Australia	70.94 %
Kings Square Developments Pty. Ltd.	Queensland, Australia	70.94 %
Kings Square Developments Unit Trust	Queensland, Australia	70.94 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Legacy JHI Pty. Ltd.	Victoria, Australia	70.94 %
Leighton (PNG) Ltd.	Papua Nueva Guinea	70.94 %
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Hongkong	70.94 %
Leighton Asia Ltd.	Hongkong	70.94 %
Leighton Asia Southern Pte. Ltd.	Singapur	70.94 %
Leighton Companies Management Group LLC	Emiratos Arabes Unidos	34.76 %
Leighton Contractors (Asia) Ltd.	Hongkong	70.94 %
Leighton Contractors (Indo-China) Ltd.	Hongkong	70.94 %
Leighton Contractors (Laos) Sole Co. Ltd.	Laos	70.94 %
Leighton Contractors (Malaysia) Sdn. Bhd.	Malasia	70.94 %
Leighton Contractors (Philippines) Corp.	Filipinas	70.94 %
Leighton Contractors (Philippines) Inc.	Filipinas	28.38 %
Leighton Contractors Inc.	Estados Unidos	70.94 %
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Contractors Infrastructure Trust	Victoria, Australia	70.94 %
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	70.94 %
Leighton Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	70.94 %
Leighton Engineering Sdn. Bhd.	Malasia	70.94 %
Leighton Equity Incentive Plan Trust	Nueva Gales del Sur, Australia	70.94 %
Leighton Foundation Engineering (Asia) Ltd.	Hongkong	70.94 %
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Harbour Trust	Queensland, Australia	70.94 %
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Holdings Infrastructure Trust	Victoria, Australia	70.94 %
Leighton India Contractors Pvt. Ltd.	India	70.94 %
Leighton India Holdings Pte. Ltd.	Singapur	70.94 %
Leighton Infrastructure Investments Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton International Ltd.	Islas Cayman, Reino Unido	70.94 %
Leighton International Mauritius Holdings Ltd. No. 4	Mauricio	70.94 %
Leighton Investments Mauritius Ltd. No. 4	Mauricio	70.94 %
Leighton JV	Hongkong	70.94 %
Leighton Middle East and Africa (Holding) Ltd.	Islas Cayman, Reino Unido	70.94 %
Leighton Offshore Eclipse Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Faulkner Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Mynx Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Sdn. Bhd.	Malasia	70.94 %
Leighton Offshore Stealth Pte. Ltd.	Singapur	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Leighton Portfolio Services Pty. Ltd.	Australian Capital Territory, Australia	70.94 %
Leighton Projects Consulting (Shanghai) Ltd.	China	70.94 %
Leighton Properties (Brisbane) Pty. Ltd.	Queensland, Australia	70.94 %
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Properties (WA) Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton Properties Pty. Ltd.	Queensland, Australia	70.94 %
Leighton Superannuation Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton U.S.A. Inc.	Estados Unidos	70.94 %
LH Holdings Co. Pty. Ltd.	Victoria, Australia	70.94 %
LH Holdings No. 2 Pty. Ltd.	Victoria, Australia	70.94 %
LH Holdings No. 3 Pte. Ltd.	Singapur	70.94 %
LMENA Pty. Ltd.	Victoria, Australia	70.94 %
LNWR Pty. Ltd.	Victoria, Australia	70.94 %
LNWR Trust	Nueva Gales del Sur, Australia	70.94 %
Logistic Engineering Services Pty. Ltd.	Victoria, Australia	70.94 %
Network Rezolution Finance Pty. Ltd.	Australia	70.94 %
Newest Metro Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Nexus Point Solutions Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Njanmak VIC Pty. Ltd.	Victoria, Australia	70.94 %
Opal Insurance (Singapore) Pte. Ltd.	Singapur	70.94 %
Optima Activities Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Pacific Partnerships Energy Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Investments 2 Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Investments 2 Trust	Victoria, Australia	70.94 %
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Investments Trust	Victoria, Australia	70.94 %
Pacific Partnerships Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Services NZ Ltd.	Nueva Zelandia	70.94 %
Pekko Engineers Ltd.	Hongkong	70.94 %
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	70.94 %
Port Wakefield to Port Augusta Regional Projects Alliance	Sur de Australia, Australia	65.98 %
PT Leighton Contractors Indonesia	Indonesia	67.40 %
Regional Trading Ltd.	Hongkong	70.94 %
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	70.94 %
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	70.94 %
Sedgman Asia Ltd.	Hongkong	70.94 %
Sedgman Botswana (Pty.) Ltd.	Botswana	70.94 %
Sedgman Canada Ltd.	Canadá	70.94 %
Sedgman Chile S.p.a.	Chile	70.94 %
Sedgman Consulting Pty. Ltd.	Queensland, Australia	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Sedgman CPB JV (SCJV)	Queensland, Australia	70.94 %
Sedgman Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Engineering Technology (Beijing) Co. Ltd.	China	70.94 %
Sedgman International Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Mozambique Ltda.	Mozambique	70.94 %
Sedgman Onyx Pty. Ltd.	Australia	70.94 %
Sedgman Operations Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Operations Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Projects Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman South Africa (Proprietary) Ltd.	Sudáfrica	70.94 %
Sedgman South Africa Holdings (Proprietary) Ltd.	Sudáfrica	70.94 %
Sedgman USA Inc.	Estados Unidos	70.94 %
Silverton Group Pty. Ltd.	Western Australia, Australia	70.94 %
Sum Kee Construction Ltd.	Hongkong	70.94 %
Sustaining Works Pty. Ltd.	Queensland, Australia	70.94 %
Talcliff Pty. Ltd.	Queensland, Australia	70.94 %
Tambala Pty. Ltd.	Mauricio	70.94 %
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Thai Leighton Ltd.	Tailandia	70.94 %
Thiess Infrastructure Nominees Pty. Ltd.	Victoria, Australia	70.94 %
Thiess Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Thiess Infrastructure Trust	Victoria, Australia	70.94 %
Think Consulting Group Pty. Ltd.	Victoria, Australia	70.94 %
Townsville City Project Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Townsville City Project Trust	Queensland, Australia	70.94 %
UGL (Asia) Sdn. Bhd.	Malasia	70.94 %
UGL (NZ) Ltd.	Nueva Zelandia	70.94 %
UGL (Singapore) Pte. Ltd.	Singapur	70.94 %
UGL Engineering Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Engineering Pvt. Ltd.	India	70.94 %
UGL Integra Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Operations and Maintenance (Services) Pty. Ltd.	Queensland, Australia	70.94 %
UGL Operations and Maintenance Pty. Ltd.	Victoria, Australia	70.94 %
UGL Pty. Ltd.	Western Australia, Australia	70.94 %
UGL Rail (North Queensland) Pty. Ltd.	Queensland, Australia	70.94 %
UGL Rail Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Rail Services Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Regional Linx Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Resources (Contracting) Pty. Ltd.	Victoria, Australia	70.94 %
UGL Resources (Malaysia) Sdn. Bhd.	Malasia	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
UGL Solutions Pty. Ltd.	Western Australia, Australia	70.94 %
UGL Unipart Rail Services Pty. Ltd.	Victoria, Australia	49.66 %
UGL Utilities Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
United Group Infrastructure (NZ) Ltd.	Nueva Zelanda	70.94 %
United KG (No. 1) Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
United KG (No. 2) Pty. Ltd.	Victoria, Australia	70.94 %
Wai Ming M&E Ltd.	Hong Kong	70.94 %
Western Port Highway Trust	Victoria, Australia	70.94 %
Westgo Finance Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Hochtief Europe		
Hochtief Solutions AG	**Essen, Alemania**	**70.94 %**
A.L.E.X.-Bau GmbH	Essen, Alemania	70.94 %
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Alemania	70.94 %
Deutsche Baumanagement GmbH	Essen, Alemania	70.94 %
Dicentra Copernicus Roads Sp. z o.o.	Varsovia, Polonia	70.94 %
EDGITAL GmbH	Herne, Alemania	70.94 %
Hochtief (UK) Construction Ltd.	Swindon, Gran Bretaña	70.94 %
Hochtief Bau und Betrieb GmbH	Essen, Alemania	70.94 %
Hochtief BePo Hessen Bewirtschaftung GmbH	Essen, Alemania	70.94 %
Hochtief BePo Hessen GmbH	Essen, Alemania	70.94 %
Hochtief Construction Austria GmbH & Co. KG	Viena, Austria	70.94 %
Hochtief Construction Chilena Ltda.	Santiago de Chile, Chile	70.94 %
Hochtief Construction Management Middle East GmbH	Essen, Alemania	70.94 %
Hochtief CZ a.s.	Praga, República Checa	70.94 %
HOCHTIEF DCX GmbH	Essen, Alemania	70.94 %
Hochtief Development Czech Republic s.r.o.	Praga, República Checa	70.94 %
Hochtief Development Poland Sp. z o.o.	Varsovia, Polonia	70.94 %
Hochtief Engineering GmbH	Essen, Alemania	70.94 %
Hochtief Infrastructure GmbH	Essen, Alemania	70.94 %
Hochtief LINXS Holding LLC	Wilmington, Estados Unidos	70.94 %
Hochtief OBK Vermietungsgesellschaft mbH	Essen, Alemania	70.94 %
Hochtief Offshore Crewing GmbH	Essen, Alemania	70.94 %
Hochtief Operators Holding LLC	Wilmington, Estados Unidos	70.94 %
Hochtief ÖPP Projektgesellschaft mbH	Essen, Alemania	70.94 %
Hochtief Polska S.A.	Varsovia, Polonia	70.94 %
Hochtief PPP Operations Austria GmbH	Viena, Austria	70.94 %
Hochtief PPP Operations GmbH	Essen, Alemania	70.94 %
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig, Alemania	70.94 %
Hochtief PPP Solutions (Ireland) Ltd.	Dublin, Irlanda	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief PPP Solutions (UK) Ltd.	Swindon, Gran Bretaña	70.94 %
Hochtief PPP Solutions GmbH	Essen, Alemania	70.94 %
Hochtief PPP Solutions Netherlands B.V.	Vianen, Países Bajos	70.94 %
Hochtief PPP Solutions North America Inc.	Wilmington, Estados Unidos	70.94 %
Hochtief PPP Transport Westeuropa GmbH	Essen, Alemania	70.94 %
Hochtief Projektentwicklung GmbH	Essen, Alemania	70.94 %
Hochtief SK s.r.o.	Bratislava, Eslovaquia	70.94 %
HOCHTIEF Solarpartner GmbH	Essen, Alemania	70.94 %
Hochtief Solutions Middle East Qatar W.L.L.	Doha, Qatar	34.76 %
Hochtief Solutions Real Estate GmbH	Essen, Alemania	70.94 %
Hochtief Solutions Saudi Arabia LLC	Al-Khobar, Arabia Saudí	40.19 %
HOCHTIEF Soziale Infrastruktur Europa GmbH	Essen, Alemania	70.94 %
Hochtief Trade Solutions GmbH	Essen, Alemania	70.94 %
Hochtief U.S. Holdings LLC	Wilmington, Estados Unidos	70.94 %
Hochtief ViCon GmbH	Essen, Alemania	70.94 %
HTP Immo GmbH	Essen, Alemania	70.94 %
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Alemania	70.94 %
LOFTWERK Eschborn GmbH & Co. KG	Essen, Alemania	70.94 %
Perlo Sp. z o.o.	Varsovia, Polonia	70.94 %
prefolio Securitisation S.à r.l.	Wasserbillig, Luxemburgo	70.94 %
Project Development Poland 3 B.V.	Amsterdam, Países Bajos	70.94 %
Project SP1 Sp. z o.o.	Varsovia, Polonia	70.94 %
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Alemania	70.94 %
Raststätten Betriebs GmbH	Viena, Austria	70.94 %
synexs GmbH	Essen, Alemania	70.94 %
Tivoli Garden GmbH & Co. KG	Essen, Alemania	70.94 %
TRINAC GmbH	Essen, Alemania	70.94 %
TRINAC Polska Sp. z o.o.	Varsovia, Polonia	70.94 %
ViA6West Service GmbH	Bad Rappenau, Alemania	70.94 %

CONCESSIONS - IRIDIUM

Iridium Concesiones de Infraestructuras, S.A.	**Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.**	**100.00 %**
ACS 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100.00 %
ACS BNA GP Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS BNA Holdco Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS BNA O&M GP Inc	Suite 2600, Three Bentall Cent 595 Burrard St. P.O. Box 4 Vancouver BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS Crosslinx Maintenance Inc.	550 Burrard Street, 2300, Vancouver, British Columbia. Canad V6C 2B5	100.00 %
ACS Crosslinx Partner Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS Infraestructuras Perú SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Perú.	100.00 %

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Company	Registered Office	% Effective Ownership
ACS Infraestructuras México, S. R. L. de C. V.	C/ Oxford, 30, Colonia Ju rez, Delegación Cuahtémoc.CP: 06600 México, Distrito Federal. México.	100.00 %
ACS Infrastructure Canadá, Inc.	155 University Avenue, Suite 900,Toronto, Ontario M5H 3B7. Canadá.	100.00 %
ACS Infrastructure Development, Inc.	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100.00 %
ACS Link 427 Holdings Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100.00 %
ACS Link 427 Partner Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100.00 %
ACS LINXS Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100.00 %
ACS LINXS O&M Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100.00 %
ACS Mosaic Transit Partners Holding Inc.	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS MTP Maintenance INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS MTP Partner INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS O&M Solutions GP Inc	155 University Avenue, Suite 900, Toronto On M5H3B7. Toronto. Canadá.	100.00 %
ACS OLRT Holdings INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS Portsmouth Holdings, L.L.C.	One Alhambra Plaza, Suite 1200, Coral Gables. Florida 33134. Estados Unidos.	100.00 %
ACS RT Maintenance Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTF Holdings Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTF Partner Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTG Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS SSLG Partner Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100.00 %
ACS St. Lawrence Bridge Holding Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100.00 %
ACS WEP Holdings, Inc.	1 Germain Street Suite 1500.Saint John NB E2L4V1. Canadá.	100.00 %
Angels Flight Development Company, LLC	One Alhambra Plaza Suite 1200, 33134.. Los Ángeles. Estados Unidos.	86.66 %
Autovía Medinaceli-Calatayud Soc.Conces.Estado, S.A.	Avda. Camino de Santigo, 50 - 28050 Madrid. España.	100.00 %
Blueridge Transportation Group HoldCo, LLC	6538 South freeway Houston TX 77021. Estados Unidos	78.38 %
Blueridge Transportation Group, LLC	6538 South freeway Houston TX 77021. Estados Unidos	78.38 %
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100.00 %
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100.00 %
Concesiones de Infraestructuras Chile Dos, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100.00 %
Concesiones de Infraestructuras Chile Tres, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100.00 %
Concesiones de Infraestructuras Chile Uno S.A.	Avenida Apoquindo 3001 piso 9, Comuna Las Condes. Chile	100.00 %
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100.00 %
Desarrollo de Concesionarias Viarias Dos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Desarrollo de Concesionarias Viarias Uno, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Desarrollo de Concesiones Ferroviarias, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra.	100.00 %
Dragados Waterford Ireland, Ltd.	70 Sir John Rogerson´s Quay. Dublin. Irlanda	100.00 %
Estacionament Centre Direccional, S.A.	Avenida de la Universitat, s/n. 43206 Reus. Tarragona. España.	100.00 %
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes)28002 Madrid. España.	100.00 %
FTG O&M Solutions ACS GP Ltd.	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	100.00 %
FTG O&M Solutions Limited Partnership	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	75.00 %
Iridium Aparcamientos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Iridium Portlaoise Ireland Limited	70 Sir John Rogerson´s Quay. Dublin. Irlanda	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Operadora Autovia Medinaceli Calatayud, S.L.	Avda Camino de Santigo 50. 28050 Madrid. España.	100.00 %
Parking Mérida III, S.A.U.	Avenida Lusitania, 15, 1º, Puerta 7. 06800 Mérida. Badajoz. España.	100.00 %
Parking Nou Hospital del Camp, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100.00 %
Parking Palau de Fires, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100.00 %
SH 288 Holding, S.A.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
SH 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Miami. Estados Unidos.	100.00 %
SH288 Investment inc.	One Alhambra Plaza suite 1200. Coral Gables. Miami. Estados Unidos.	100.00 %
Sociedad Concesionaria Nuevo Complejo Fronterizo Los Libertadores	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	100.00 %
SERVICES		
ACS Servicios y Concesiones, S.L.	**Avda. Camino de Santiago, 50.28050 Madrid. España.**	**100.00 %**
CLECE GROUP		
Clece, S.A.	**Avda. Manoteras, 46 Bis 2ª Planta. 28050 Madrid. España.**	**100.00 %**
Accent Social, S.L.	C/ Josep Ferrater y Mora 2-4 2ª Pl. 08019 - Barcelona. España. Barcelona. España.	100.00 %
AILSA Care Services Ltd.	Bonnington Bond 2 Anderson Place Edinburgh Scotland EH6 5NP. Edinburgh. Reino Unido.	100.00 %
All Care (GB) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Aspen Hamilton Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Atende Servicios Integrados, S. L.	Avda. República Argentina, 21-Bº 3ª planta Oficina 9 CP 41011 Sevilla. España.	100.00 %
Avio Soluciones Integradas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050 Madrid. España.	100.00 %
Call-In Homecare Limited	Bonnington Bond (Suite 70), 2 Anderson Pl, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Care Relief Team Limited	13 Hope Street, Crook, Co Durham, England, DL15 9HS. Durham. Reino Unido.	100.00 %
Clece Care Services, Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	100.00 %
Clece Vitam S.A.	Av. Manoteras, 46 Bis 1ª Planta. 28050.. Madrid. España.	100.00 %
Clece Vitam, S.A. (Portugal)	Concelho de Oeiras, Lisboa. Lisboa. Portugal.	100.00 %
Clece, S.A. (Portugal)	Concelho de Oeiras.Lisboa. Portugal.	100.00 %
Clyde Heathcare Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Confident Care Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
CSN Care Group Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Dale Care Ltd.	Hope Street, 13. Crook. Reino Unido.	100.00 %
Diamond Quality Care Services Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Eleva2 Comercializadora S.L.	Avenida de Manoteras. 46 BIS 2 Planta 2. 28050 Madrid. España.	100.00 %
Enequip Serveis Integrals S.L.	C/ Calçat, 6 1ª Planta Edificio Tolero 07011 - Palma de Mallorca España	100.00 %
Hartwig Care Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
HazelHead Home Care Limited	Bonnington Bond (Suite 70), 2 Anderson Pl, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Homecarers (Liverpool) Limited	8 Childwall Valley Road. Liverpool. Reino Unido.	100.00 %
Horsham & Crawley Care Limited	Unit 4 Rankin House Murdoch Court, Roebuck Way, Knowl Hill, MK5 8GB. Knowl Hill - Milton Keynes. Reino Unido.	100.00 %
Ideal Complex Care, Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Inserlimp Soluciones S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Integra Formación Laboral y Profesional, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Manteniment Gestio I Serveis Integrats Centre Especial D'Ocupacio Illes Balears, S.L. Unipersonal	C/ Maquinaria, 4 - 2ª Planta Oficina nº1. 07011 Palma de Mallorca 07008 Islas Baleares. España.	100.00 %
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	c/ Josep Ferrater i Mora, 2-4, planta 3, módulo B 08019 Barcelona.España	100.00 %
Integra Mantenimiento, Gestión Y Servicios Integrados Centro Especial de Empleo Andalucia, S.L.	Polígono Industrial PISA C/ Industria, 1 -Edif. Metropoli I Pta.2ª Mod 01-05 CP 41927 Mairena de Aljarafe. Sevilla. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Centro de Negocios BCA-28 Calle Copérnico, 6 Polígono Industrial A Grela, Oficina 6 y 7 15008. A Coruña. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Murcia, S.L.	Avda. Abenarabi, 28, Torre Damasco, oficina 3, CP 30008.. Murcia. España.	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	C/ Músico José orti Soriano, 18 Pta. BJ 46900 - Torrent. Valencia. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Extremadura Centro Especial de Empleo, S.L.U.	C/ Luis Alvarez Lencero, 3 Edif. Eurodom 5.Badajoz 06011. Extremadura. España.	100.00 %
Klemark Espectaculos Teatrales, S.A.	Avda. Landabarri, 4, Leioa. Vizcaya. España.	100.00 %
Koala Soluciones Educativas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100.00 %
Lauriem Complete Care Limited	Suite B, Cobdown House, London Road Ditton. Aylesford. Reino Unido.	100.00 %
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. España	100.00 %
Lirecan Servicios Integrales, S.A.	C/ Ignacio Ellacuria Beascoechea, 23-26 Planta 2, Playa del Hombre.Telde. Las Palmas. España.	100.00 %
Merseycare Julie Ann Limited	3rd Floor Rathbone Building, Liverpool Innovation Park, Liverpool, England, L7 9NJ	100.00 %
Multiserveis Ndavant, S.L.	C/Josep Ferrater i Mora, 2-4 Barcelona. España.	100.00 %
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46 Bis 2ª Planta. 28050 Madrid. España	51.00 %
NV Care Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Perfect Care (HOLDINGS) Limited	Lumley House Whitfield Court St. Johns Road, Meadowfield Ind Estate, DH7 8XL. Durham. Reino Unido.	100.00 %
Perfect care Limited	Lumley House Whitfield Court St. Johns Road, Meadowfield Ind Estate, DH7 8XL. Durham. Reino Unido.	100.00 %
R & L Healthcare, Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Richmond 1861, S.L.	Avda. Movera, 600.50016 - Zaragoza. España.	100.00 %
Samain Servizos a Comunidade, S.A.	Pza. América,1, bloque 1, 1ª Pta, 36211.. Vigo. España.	100.00 %
Senior Servicios Integrales, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100.00 %
Serveis Educatius Cavall de Cartró, S.L.	C/ Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. España.	100.00 %
Serveis Integrals Lafuente, S.L.	Parque Tecnológico C/. Alessandro Volta 2-4-6 Bloq 3. 46980 Paterna, Valencia. España.	100.00 %
StarCare Limited	3 Ella Mews, NW3 2NH. London. Reino Unido.	100.00 %
Talher, S.A.	C/ Quintanavides, 19 edificio 4 1ª planta. 28050. Madrid. España.	100.00 %
Teapot Home Care Ltd	Unit 4 Rankin House Murdoch Court, Roebuck Way, Knowl HilL, MK5 8GB. Knowl Hill - Milton Keynes. Reino Unido.	100.00 %
Universal Care Services (UK) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª Pisua G.48940 Leoia (Bizkaia). España.	100.00 %
Zenit Logistics S.A.	Avda. de Manoteras, 46 Bis.28050 Madrid. España.	100.00 %

CORPORATE UNIT AND OTHERS

Altomira Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100.00 %
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100.00 %
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. España.	100.00 %
Nexplore, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Protide, S.A. Unipersonal	C/ Orense,34-1º 28020 Madrid - España	100.00 %
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
ACS Industrial Activities, Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
ACS Servicios, Comunicaciones y Energía Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Apodaca CCG Invest S.L.	Cardenal Marcelo Spínola 10. Madrid. España.	100.00 %
Avanzia Instalaciones MX, S.A. de C.V.	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100.00 %
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80 %
Cajamarca LT Invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Cobra Energy Investment Finance, LLC	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Cobra Energy Investment, LLC.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
ACS Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. Estados Unidos.	100.00 %
Concesionaria Desaladora del Sur, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Crescent Dunes Finance , Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Crescent Dunes Investment, LLC	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Energía Renovable de la Península, SAPI de CV	Paseo Tamarindos 400 B, suite 101.Colonia Bosques Lomas, Cuajimalpa de Morelos. Ciudad de Méjico. México.	70.00 %
Energía y Servicios Dinsa I, S.L.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cádiz. España.	100.00 %
Energías Ambientales de Oaxaca, S.A.	Jose Luis Lagrange Nº 103, Piso 8. Colonia Los Morales. Ciudad de Méjico. México.	100.00 %
Geida Beni Saf, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Grazigystix Pty Ltd	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	65.00 %
Grupo ACS South Africa Proprietary Limited	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	100.00 %
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. España	79.63 %
Instalaciones y Servicios Codeven, C.A.	Avda.S.Fco Miranda. Torre Parque Cristal. Torre Este, planta 8. Oficina 8-10. Chacao. Caracas. Venezuela	100.00 %
Instalaciones y Servicios Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Kinkandine Offshore Windfarm Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90.00 %
LT La Niña, S.A.C.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Manchasol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100.00 %
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Península Wind Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Pilot Offshore Renewables Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90.00 %
Pío XII Industrial División Brit Assets, S.L.U.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100.00 %
Pío XII Industrial División Global Assets, S.A.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100.00 %
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Railways Infraestructures Instalac y Servicios LLC	Alameer Sultan Street North, Alnaeem dist. (4), Ahmed Al-Hamoody Street Building no. (8) Jeddah. Arabia Saudí	100.00 %
Saneta Luz S.L	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Sativa Green Plant, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Sedmive, C.A. (Sociedad Española Montajes Industriales Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	100.00 %
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	Jose Luis Lagrange, 103, P8 Col. Polanco I sección Deleg. Miguel Hidalgo. México D.F. México.	100.00 %
Tejavana Fotovoltaica Canaria, S.L.U.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. España	100.00 %
Tesca Ingenieria del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador	100.00 %
Tonopah Solar Energy, LLC	11 Gabbs Pole Line Rd Box 1071, Tonopah, NV 89049. Estados Unidos.	100.00 %
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80 %

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
INFRASTRUCTURES - DRAGADOS			
Túnel Mandri	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	43.50 %	36,103
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	33.50 %	39,821
Sector 2	Cl. Gran Vía, 53 - Bilbao	85.00 %	49,774
Sagasta	Cl. Luis de Ulloa, 37 - Logroño	60.00 %	11,129
HS2 Euston Station	Cl. Moorgate, 155 - Londres	50.00 %	274,171
Atxondo-Abadiño	Av. del Camino de Santiago, 50 - Madrid	100.00 %	17,684
Red viaria y ferroviaria APV	Av. Menéndez y Pelayo, 3 - Valencia	65.00 %	20,602
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima	35.00 %	228,773
MIV 2021 Lote 1	Cl. Francisco Gervás, 14 - 1ºA - Madrid	18.00 %	23,108
Embalse de Amudevar	Cl. Antonio Valcarreres, 1 - Zaragoza	26.00 %	21,254
Lote 2 Norte	Pz. Circular, 4, 5º - Bilbao	65.00 %	19,872
Ampliacion Estación Chamartin A.V.	Av. del Camino de Santiago, 50 - Madrid	25.00 %	17,375
MIV Centro	Av. del Camino de Santiago, 50 - Madrid	22.50 %	16,528
Estación Chamartin Vias - Azvi	Av. del Camino de Santiago, 50 - Madrid	55.00 %	16,145
Sierrapando	Av. del Camino de Santiago, 50 - Madrid	70.00 %	11,220
Bases Villarrubia-Gabaldon	Cl. Julián Camarillo, 6 - Madrid	50.00 %	10,784
Salburúa Tranvía	Pz. Circular, 4, 5º - Bilbao	50.00 %	10,726
Lote 5 Sagrera-Horta	Av. del Camino de Santiago, 50 - Madrid	50.00 %	10,661
A11 Quintanilla-Olivares	Av. del Camino de Santiago, 50 - Madrid	50.00 %	10,144
Mantenimiento Ave	Cl. Zafiro, s/n Edif. 1. 28021 - Madrid	14.86 %	20,184
Bay Park Conveyance	2 Marjorie Lane, East Rockaway, NY 11518-2020	70.00 %	126,492
3rd Track Constructors	900 Merchants Concourse, Westbury, NY 11590	50.00 %	287,123
I-16 at I-95 Interchange	20 Martin Court, Savannah, GA 31419	100.00 %	64,419
MLK Interchange	10210 Highland Manor Dr. STE110, Tampa, FL 33629	85.00 %	16,890
I2/I69C Interchange	1708 Hughes Landing Blvd, The Woodlands, TX 77380	100.00 %	92,211
Broadway Curve	3157 East Elwood, Phoenix, AZ 85034	40.00 %	156,882
Hampton Roads	240 Corporate Blvd., Norfolk, VA 23502	42.00 %	538,548
HSR 2-3	1610 Arden Way, Suite 175, Sacramento, CA 95815	50.00 %	367,333
Gordie Howe Int'l Bridge	1001 Springwells Ct, Detroit, MI, 48209	40.00 %	444,241
Chesapeake Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100.00 %	120,749
Harbor Bridge	500 N. Shoreline Blvd, Suite 500, Corpus Christi, TX 78401	50.00 %	155,094
Isabella Lake Dam	2959 Eve Avenue - Lake Isabelle, CA 93240	35.00 %	71,183
Automated People Mover	2959 Eve Avenue - Lake Isabelle, CA 93240	20.00 %	624,038
Purple Line	5700 Rivertech Court, Suite 105, Riverdale, MD 20737	60.00 %	171,490
Eglinton Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4	25.00 %	372,413
Link 427	1 Royal Gate Boulevard, Unit G, Woodbridge, ON L4L 8Z7	50.00 %	12,474
Ottawa LRT Constructors OLRT Phase II	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3	33.33 %	28,708

White Rose SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2	40.00 %	55,754
REM	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8	24.00 %	1,182,387
Finch - Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9	33.33 %	205,255
Gordie Howe - BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9	40.00 %	736,922
Site C- Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4	27.50 %	484,141
Centennial Expansion Partners	851 Centennial Road, Vancouver, BC V6A 1A3	60.00 %	71,143
Eglinton West Advance Tunnel Project	20 Carlson Court, Suite 105, Toronto, ON M9W7K6	40.00 %	158,611
GCT Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	100.00 %	23,073
Unionport Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	55.00 %	14,097
Potomac Yards Constructors	421 E. Route 59, Nanuet, NY 10954	40.00 %	86,558

CONSTRUCTION - HOCHTIEF

Amalia Harbour - Civil Works Package	Amstelveen, Netherlands	50.00 %	64,379
ARGE A7 Tunnel Altona	Hamburg, Germany	65.00 %	74,900
ARGE BAUARGE A6 West	Heilbronn, Germany	60.00 %	23,979
ARGE Ersatzneubau K30	Hamburg, Germany	75.00 %	18,251
ARGE Haus der Statistik	Berlin, Germany	50.00 %	10,651
ARGE SBT 1.1 Tunnel Gloggnitz	Gloggnitz, Austria	40.00 %	135,233
ARGE Tunnel Rastatt	Ötigheim, Germany	50.00 %	92,526
ARGE U2/22 x U5/2 Rathaus/Frankplatz	Vienna, Austria	33.33 %	69,709
ARGE U-Bahn Nürnberg U3 SW BA 2.2	Nuremberg, Germany	50.00 %	30,120
ARGE VE41 Hp Marienhof	Munich, Germany	50.00 %	25,283
BAB A100, 16. Bauabschnitt	Berlin, Germany	50.00 %	10,985
Citylink	Danderyd, Sweden	50.00 %	32,754
CRSH1 - Sydhavn	Copenhagen, Denmark	50.00 %	127,511
London Power Tunnels Phase 2	London, United Kingdom	50.00 %	167,650
Ostrava - Organica	Ostrava, Czech Republic	50.00 %	13,244
Ostrava - VŠB-TUO Nová budova EkF - př.H	Ostrava, Czech Republic	50.00 %	10,745
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart, Germany	40.00 %	13,012
Tvrdošín - Nižná - R3	Tvrdošín - Nižná, Slovakia	79.99 %	19,956
ViA15 (A12/A15)	Utrecht, Netherlands	25.00 %	32,227

SERVICES - CLECE

Ute PMR Masa-Sagital L1 (Multiservicios Aeroportuarios)	Avda. Manoteras, 46 BIS. 28050.Madrid.España	90.00 %	13,154
Ute SAD Ayto Valladolid Lt1 (Clece)	Calle Ducado, 2. 47009. Valladolid. España	60.00 %	14,715

ANEXO III

CHANGES IN THE CONSOLIDATION PERIMETER

The main companies included in the consolidation perimeter are as follows:

Westend Connectors Developer General Partnership
DAD Finch West Light Rail Transit Inc.
Stratus Risk Management Associates Inc.
Turner Paschen Aviation Partners JV II
Turner-TWC JV
Turner Holt a Joint Venture
Turner - TEC A Joint Venture
Turner - Mahogany UMMC STC Renewal III Joint Venture
Turner - Corenic: Suitland and HS Complex Replacment
Turner - Janey - J&J a Joint Venture
Turner-d'Escoto-Brown & Momen-Cullen Joint Venture
Turner - One Way II
Walsh - Turner JV II
CSN Care Group Limited
Teapot Home Care Ltd
Aspen Hamilton Limited
Confident Care Limited
Clyde Heathcare Limited
Horsham & Crawley Care Limited
AILSA Care Services Ltd.
Glenrowan Solar Farm Trust
Idd Technology Pty Ltd
Lh Holdings No.2 Pty Ltd
Logistic Engineering Services Pty Ltd
Sum Kee Construction Limited
Westgo Finance Pty Ltd
Auckland One Rail Limited
Acciona Construction Australia Pty Ltd & CPB Contractors Pty Ltd
CPB & United Infrastructure JV
CPB Contractors & Georgiou Group
CPB Contractors & Spotless Facilities Services
Turner-Power & Sons
Turner ImbuTec
Turner FS360
Turner Shook Champion Partners
Caitan Spa
Operadora Caitan Spa
Leighton Contractors (Philippines) Corp.
Leighton India Holdings Pte Ltd
Lh Holdings No. 3 Pte Ltd
Network Rezolution Finance Pty Ltd
Njanmak Vic Pty Limited
Port Wakefield To Port Augusta Regional Projects Alliance
Sedgman Onyx Pty. Limited
Ugl Integra Pty Ltd
Spark NEL DC Workforce Pty. Ltd.
GE Betz Pty. Ltd. & Mcconnell Dowell Constructors (Aust) Pty. Ltd. & United Group Infrastructure Pty. Ltd.
John Holland and UGL Infrastructure
Manidis Roberts Pty. Ltd. & MWH Australia Pty. Ltd. & PB Australia Pty. Ltd. & United Group Infrastructure Pty. Ltd.

Mitsubishi Electric Australia Pty. Ltd. & Hyundai Rotem Company & UGL Rail Services Pty. Ltd.

Parsons Brinckerhoff Australia Pty Ltd. & RPS Manidis Roberts Pty. Ltd. & Seymour Whyte Constructions Pty. Ltd. & UGL Engineering Pty. Ltd.

WSP Australia Pty Limited & UG Engineering Pty Ltd.

Turner Watson JV

Turner Clayco Joint Venture

SH 288 Holding, S.A.

ACS O&M Solutions GP Inc

ACS-Fluor O&M Solutions General Partnership

SH 288 Holdings, LLC

SH 288 Investment inc.

Renewable Projects Management Venture, S.L.

Hochitef Dcx Gmbh

Flatiron Myers JV

Valley Transit Partners

TUJV

Turner FS360 II A JV

McKissack Turner JV DE

Turner-Yates-Kokosing LLC

Turner-Walsh-Smoot JV

Turner-Kokosing Joint Venture

GTBB Joint Venture

Ecco Engineering Company Limited

Glenrowan Solar Finance Pty Ltd

Canberra Metro Trust

Metro Trains Melbourne Pty Ltd

Spark North East Link Holding Pty Limited

The main companies that are no longer included in the consolidation perimeter are as follows:

gGrav-can, Inc.

Spinning Assets, S.L.U.

Vientos del Pastorale, S.A.

Extresol 4, S.A.

Parque Eólico Kiyú, S.A.

Hidromanta Invest, S.L.

Peruana de Inversiones en Energía Renovables, S.A.

Hochtief (India) Private Limited

Itco Pty Ltd

Trafalgar EB Pty Ltd

Trafalgar EB Unit Trust

Tribune SB Pty Ltd

Tribune SB Unit Trust

Dunsborough Lakes Village Syndicate

Naval Ship Management (Australia) Pty Ltd

Casey Fields Joint Venture

CHT Joint Venture

Gateway WA

Henry Road Edenbrook Joint Venture

Swietelsky CPB Rail Joint Venture

Con-Real - Turner

Turner/CON-REAL

Turner/Ozanne/VAA

Turner-Welty JV

Turner JLN A Joint Venture
Turner/Concrete Structures/Lindahl Triventure
Turner-Rodgers-A Joint Venture
Turner-AECOM Hunt-SG-Bryson Atlanta Joint Venture
Lmena No. 1 Pty Limited
Sedgman Sas (Colombia)
Tasconnect Finance Pty Limited
BIC Contracting LLC
Via Solutions Nord GmbH & Co. KG
DPR/Turner JV
Donley's Turner JV
Turner International/TiME Proje Yonetimi Limited Sirketi
Capstone Infrastructure Finance Pty Ltd
Devine Projects (Vic) Pty Ltd
Devine Springwood No 1 Pty Ltd
Doubleone 3 Pty Ltd
Leighton Services Uae Co Llc
Mode Apartments Pty Ltd (act as trustee of Mode Apartments Unit Trust)
Mode Apartments Unit Trust
Leighton - John Holland Joint Venture
JHCPB JV

Integrated Report of ACS Group 2022

www.grupoacs.com

MAIN FIGURES
OF THE ACS GROUP

OPERATING AND FINANCIAL DATA

MILLION EURO	2018	2019	2020	2020 Reexp. (1)	2020 Rest. (1)	2022
Turnover	36,658.5	39,048.9	34,937.4	27,853.4	27,836.7	33,615.2
Gross Operating Profit (EBITDA)	2,941.2	3,148.0	2,443.9	1,383.9	1,597.8	1,747.4
Net operating profit (EBIT)	2,049.9	2,125.5	1,479.5	941.4	1,043.4	1,105.5
Attributable net profit	915.6	962.0	574.0	542.3	3,045.4	668.2
Backlog	72,223	77,756	69,226	60,425	67,262	68,996
Funds from operations (2)	2,321.8	2,378.7	1,173.5	556.3	555.7	1,743.3
Investments	4,797.7	1,796.0	2,173.0	1,562.1	519.4	2,366.1
Divestments	3,364.3	447.2	2,038.7	1,747.6	5,363.2	591.6
Total Assets	35,701.2	39,695.2	37,333.7	37,333.7	35,664.3	37,580.3
Net Worth	5,990.7	5,506.0	4,275.9	4,275.9	7,028.2	6,375.9
Net debt/ (cash)	(3.3)	53.7	1,819.8	1,819.8	(2,008.6)	(224.0)

DATA PER SHARE

EURO	2018	2019	2020	2020 Reexp. (1)	2020 Rest. (1)	2022
Earnings	2.94	3.13	1.95	1.85	10.74	2.50
Dividend paid in the year	1.39	1.90	1.99	1.99	1.72	2.00
Funds from operations	7.46	7.74	3.99	1.89	1.96	6.53

CAPITAL MARKETS

	2018	2019	2020	2020 Reexp. (1)	2020 Rest. (1)	2022
Listed shares	314,664,594	314,664,594	310,664,594	310,664,594	304,664,594	284,164,594
Market capitalization (€ mn)	10,645.10	11,217.79	8,434.54	8,434.54	7,180.94	7,607.09
Year-end closing price	33.83€	35.65€	27.15€	27.15€	23.57€	26.77€
Annual revaluation	3.71%	5.38%	-23.84%	-23.84%	-13.19%	13.58%

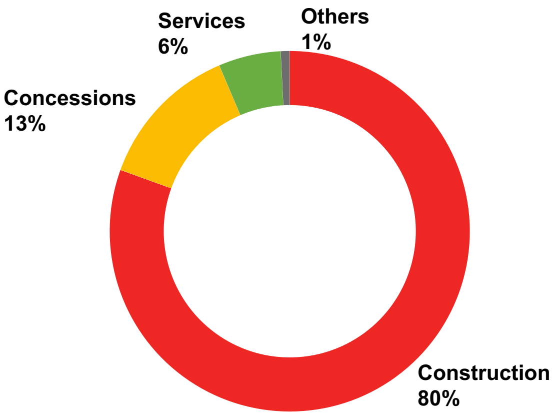
SUSTAINABILITY INDICATORS

	2018	2019	2020	2020 Reexp. (1)	2020 Rest. (1)	2022
Number of employees	195,461	190,431	179,539	122,779	122,502	128,721
Employees with H&S certification	90.1%	91.3%	92.0%	90.8%	91.6%	88.6%
Training investment (€ mn)	33.3	34.6	25.1	10.7	14.8	17.9
Social Action investment (€ mn)	12.2	13.1	18.9	16.0	11.9	14.3
Vulnerable groups (Employees)	9,422	10,013	10,047	9,819	10,320	10,981
Recycled/reused waste	n.d.	76.7%	83.9%	84.5%	82.9%	80.6%
Scope 1 emissions (tCO2 equiv)	3,073,384	3,001,287	2,683,671	391,217	381,261	389,195
Scope 2 emissions (tCO2 equiv)	265,501	277,291	183,375	115,173	120,294	121,602

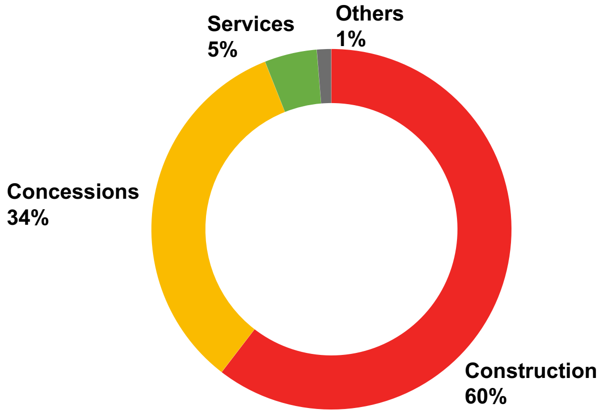
(1) Data restated for the reclassification of Industrial Services as a discontinued operation following the agreement and subsequent sale of the business in December 2021, showing Thiess as an "Operating equity method" following the sale of 50% of the business as of December 2020 and excluding extraordinary impacts in the period.

(2) Net profit + adjustments to net income not involving cash inflows/outflows + Variation in cash working capital

EBITDA*



NET PROFIT*



CONSTRUCTION

EURO MILLION	
Turnover	31,433
Gross Operating Profit (EBITDA)	1,389
Margin	*4.4%*
Net Operating Profit (EBIT)	844
Margin	*2.7%*
Net Profit	350
Margin	*1.1%*
Backlog	66,084
Employees	47,400

Construction includes Dragados and HOCHTIEF (ex Abertis) activity

CONCESSIONS

EURO MILLION	
Turnover	96
Gross Operating Profit (EBITDA)	225
Margin	*n.a.*
Net Operating Profit (EBIT)	208
Margin	*n.a.*
Net Profit	194
Margin	*n.a.*
Backlog	*n.a.*
Employees	415

The Concessions area includes the activity of Iridium and the contribution of Abertis by the equity method

SERVICES

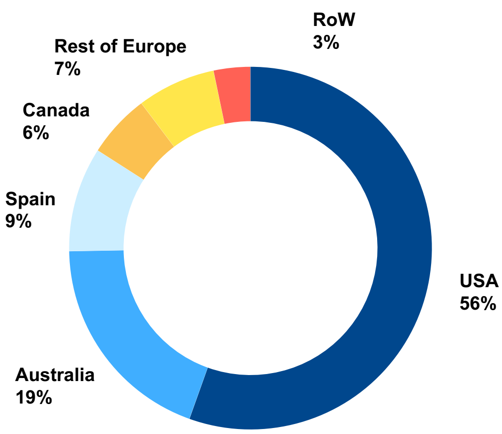
EURO MILLION	
Turnover	1,819
Gross Operating Profit (EBITDA)	97
Margin	*5.3%*
Net Operating Profit (EBIT)	50
Margin	*2.7%*
Net Profit	27
Margin	*1.5%*
Backlog	2,912
Employees	80,705

CORPORATION

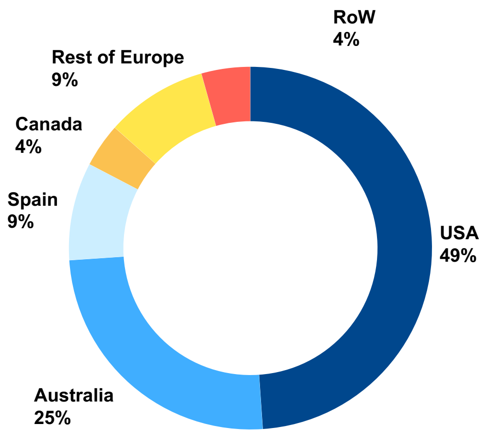
EURO MILLION	
Turnover	267
Gross Operating Profit (EBITDA)	37
Margin	*13.8%*
Net Operating Profit (EBIT)	3
Margin	*1.1%*
Net Profit	96
Margin	*n.a.*
Backlog	*n.a.*
Employees	201

Includes results from Real State and energy activities

TURNOVER



BACKLOG



*The percentages are calculated based on the sum of the activities considered in the graph. “Other” represents the Group’s real estate activities (Cogesa)

UNITED STATES

Turnover	18,837
% total	*56.0%*
Backlog	33,504
% total	*48.6%*
Employees	15,083
% total	*11.7%*

AUSTRALIA

Turnover	6,535
% total	*19.4%*
Backlog	17,131
% total	*24.8%*
Employees	13,125
% total	*10.2%*

SPAIN

Turnover	3,170
% total	*9.4%*
Backlog	5,972
% total	*8.7%*
Employees	77,198
% total	*60.0%*

CANADA

Turnover	1,919
% total	*5.7%*
Backlog	2,683
% total	*3.9%*
Employees	1,348
% total	*1.0%*

GERMANY

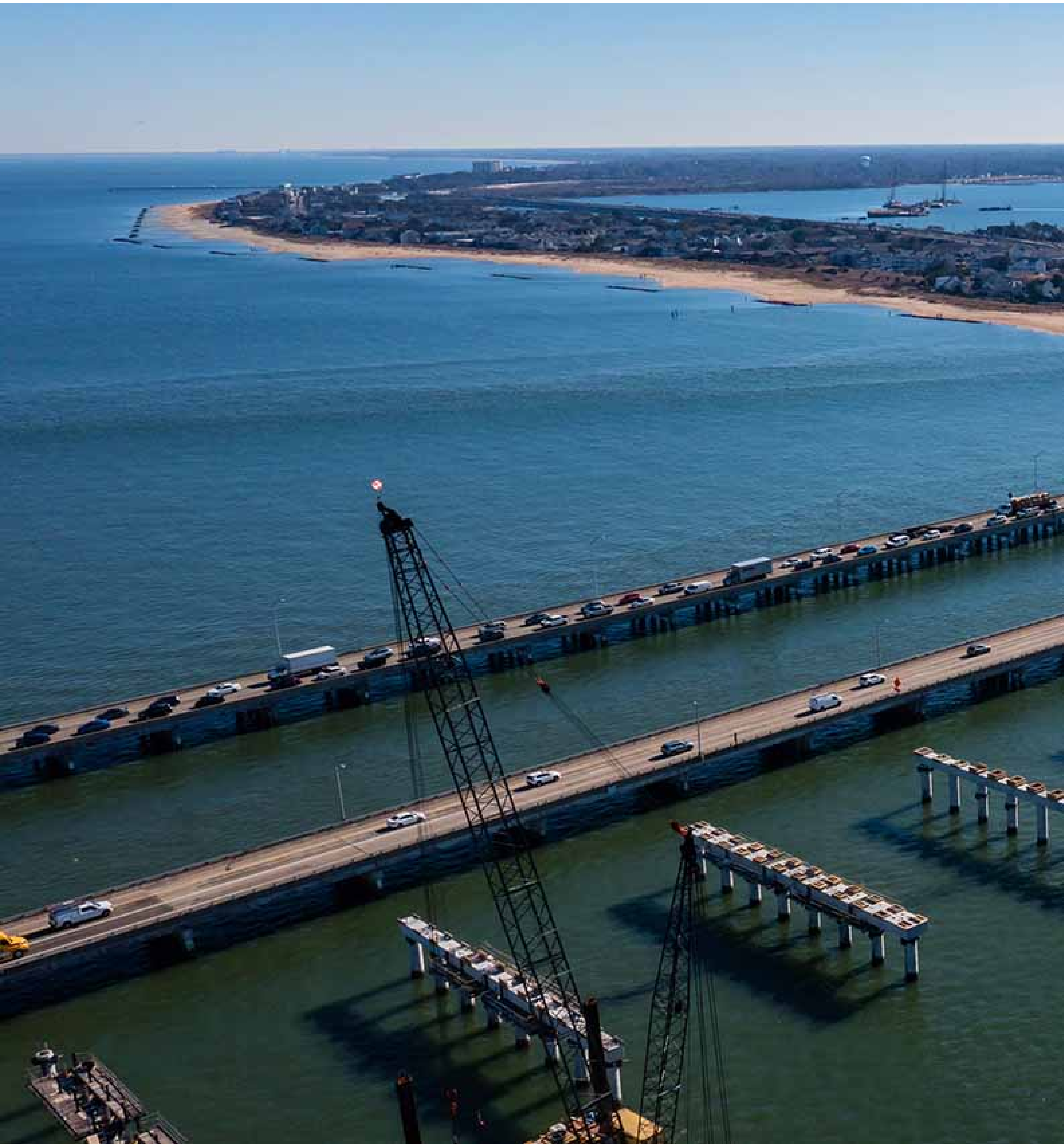
Turnover	859
% total	*2.6%*
Backlog	2,803
% total	*4.1%*
Employees	3,261
% total	*2.5%*

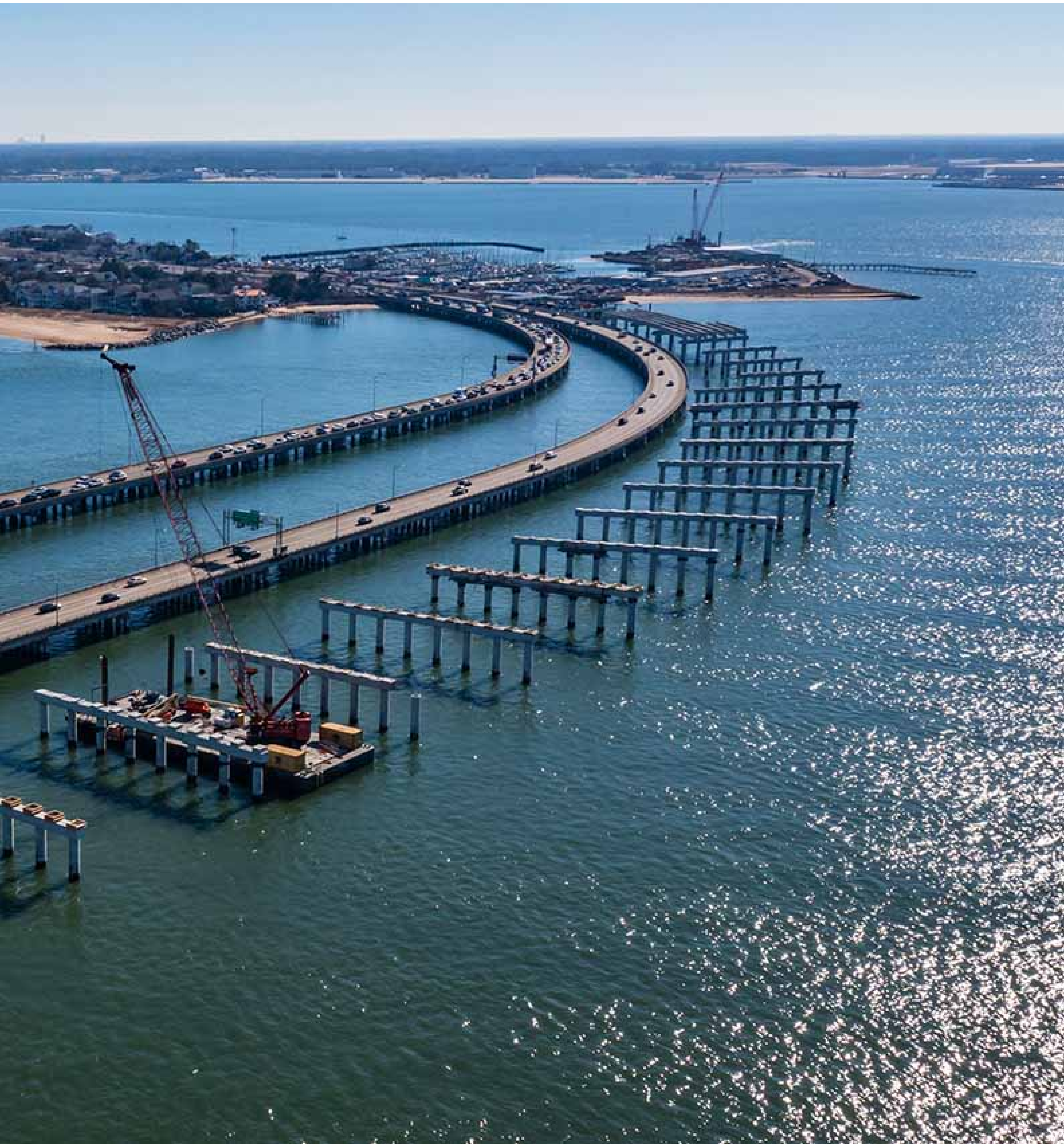
ROW

Turnover	2,294
% total	*6.8%*
Backlog	6,904
% total	*10.0%*
Employees	18,706
% total	*14.6%*

CONSOLIDATED DIRECTORS' REPORT

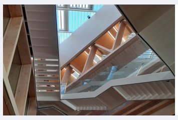
Point 5 of this Consolidated Directors' Report includes the Non-Financial Information Statement, with reference to Spanish Law 11/2018, of 28 December. A summary table identifying the non-financial and diversity information required by this law can be found in point 5.12.





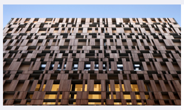
LINKS

ACS GROUP WEBSITE



CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE GOVERNANCE REPORT



DIRECTORS REMUNERATION REPORT

ABOUT THIS REPORT

The 2022 Integrated Annual Report is composed of this Consolidated Directors' Report, which includes the Annual Corporate Governance Report and the Directors Remuneration Report that are attached by reference and are available on the websites of the ACS Group and the Spanish National Securities Market Commission (CNMV), and the Consolidated Annual Accounts for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This Consolidated Directors' Report has been prepared based on the principle of integration and includes the most relevant financial and non-financial information to show the Group's value generation. The aim is to offer a perspective that provides a concise overview of the Company's capacity to create value in the short, medium and long term, and its positioning in view of the risks and opportunities presented by the environment.

To maintain the highest accuracy and transparency, this document has been prepared in accordance with the requirements of international reporting standards:

- The guidelines contained in the framework of the International Integrated Reporting Council (IIRC[1]).
- Non-financial information has been reported following Global Reporting Initiative (GRI) Standards. The contents related to the response to that contained in the Non-Financial Reporting and Diversity Act (*Ley de Información No Financiera y Diversidad*) have been verified by an independent third party under ISAE 3000 with a limited level of assurance.

The requirements of the guidelines for preparing the directors' report of listed companies of the CNMV were also taken into account, along with Law 11/2018 on the disclosure of non-financial information and diversity information.

The contents of the report have been selected based on a previous analysis that identified the most relevant issues for the Company and its main stakeholders[2].

The report covers all the ACS Group's activities in all the countries where it has a presence. The published information includes the operations carried out by companies controlled by the ACS Group in the Construction, Concessions and Services areas, which are detailed in the Group's Consolidated Annual Accounts.

Following the principle of information connectivity, the contents of this report are supplemented by information from other documents published annually by the ACS Group (Annual Corporate Governance Report, Annual Directors Remuneration Report and Annual Accounts), and all the information and policies published on the Company's website.

1 For more information, see the website of the International Integrated Reporting Counsel http://integratedreporting.org/

2 For more information on the identification of material aspects, see Appendix 7.2. Identification of material aspects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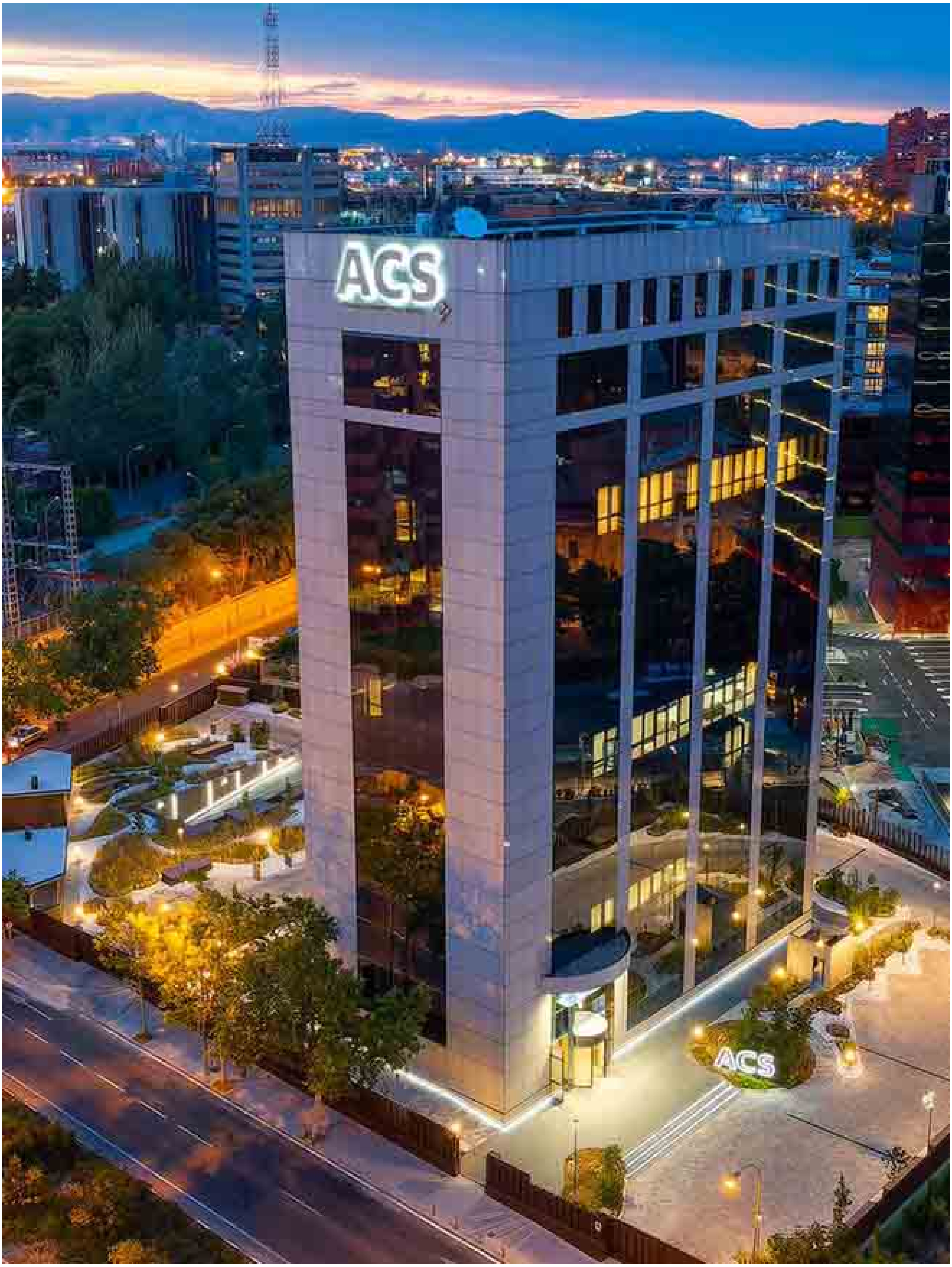

ACS
ACS

LETTER FROM THE CHAIRMAN

Dear shareholder,

Once again I would like to thank you for your trust in ACS, which has been essential to successfully handle the various situations that have recently arisen, some of which are unprecedented, and have brought about decisive changes in society in general. Against this difficult backdrop, exacerbated by current geopolitical and macroeconomic tensions, our Group has been preparing to face new challenges, adapting quickly and with flexibility to changes in global demand and specific demand in the regions where we operate, thanks to a decentralised business model and to teams with a long track record and in-depth knowledge of these markets. As you are aware, all ACS Group companies, some with over a century of experience, such as Hochtief, which celebrates its 150th anniversary this year, have contributed to the progress and development of numerous countries, large capitals and cities all over the world, providing them with everything from the most basic infrastructure to sophisticated and representative projects of all kinds.

Our main markets continue to be in countries with high growth potential, stable geopolitical frameworks and a culture of values that provide greater certainty and security of operations. Total sales stood at EUR 33,615 million in 2022, of which 56% came from the US, 19% from Australia, 9% from Spain, 6% from Canada and 4% from Germany. These countries, where the ACS Group has a leadership position, account for over 90% of total turnover, are secure and stable markets, but at the same time dynamic, with attractive growth opportunities.

The strong operating performance of our businesses underpinned the 66% growth in net profit, which reached EUR 668 million. In addition, the large volume of new project awards, for over EUR 39,000 million, enabled us to close the year with a backlog of nearly EUR 69,000 billion, up 8.3% on the previous year. It is important to highlight the robustness, diversification and low risk profile of this backlog, which offers greater visibility and stability to our future growth. This exceptional performance could not have been achieved without the effort, talent and dedication of the more than 128,000 people who form part of the ACS Group.

From a strategic point of view, we have made progress on the objectives that we set a year ago. On the one hand, we have strengthened the concession area by acquiring the SH 288 highway in Texas; and, on the other, we have made progress in simplifying the Group through the delisting of Cimic and the acquisition of an additional interest in Hochtief to reach 71%. These transactions involved an outlay of more than EUR 2,500 million, half of the funds received after the sale of the Industrial Services area in 2021.

Another important part of the progress made over the last year is the emphasis we have placed on sustainability in the ACS Group. For us, continuous improvement in environmental, social and corporate governance matters is key to maintaining our commitment to creating shared value and promoting the overall sustainability of infrastructure as an industry leader. The main milestones in this area most notably include the increase in revenue from sustainable building by more than 20% to reach EUR 12,900 million, the reduction in direct greenhouse gas emissions by more than 11% compared to the average for the last three years, and the increase in the presence of women in positions of responsibility to more than 22%.

The Group's positive performance, together with its solid financial position, with net cash amounting to EUR 224 million at the end of the year , was reflected in ACS's share price. Specifically, the share price rose by 13.6% in 2022 to EUR 26.77; a return that is pushed up to 22.1% when the dividends of EUR 2.00 per share paid during the year are included.

I am convinced that the strong growth prospects for 2023, together with our firm commitment to sustainable profitability and value creation, will have a positive impact on our results. The outlook for the coming years is based on the ACS Group's global positioning, which gives us competitive advantages to lead the sector's transition to a more complex, more sustainable, and more competitive world. Ultimately, we will continue to help build a better future.

Florentino Pérez
Chairman of the ACS Group

LETTER FROM THE CEO

Dear shareholder,

It is an honour to address you for the first time as CEO of the ACS Group to present, together with our Chairman, our Company's Integrated Report for 2022.

The Group performed extremely well in 2022, thanks to the efforts and dedication of our teams around the world, which include more than 128,000 people. Sales rose by 20.8% to reach EUR 33,615 million, underpinned by general growth in business activities in all markets, particularly in the US and Australia. Gross operating profit (EBITDA) and operating profit (EBIT) rose to EUR 1,747 million and EUR 1,106 million, respectively. This strong operating performance resulted in a net profit of EUR 668 million, with the break down by business area as follows:

- The Construction business contributed EUR 350 million, up 28.3% on the previous year.
- The Concessions business generated EUR 194 million, of which EUR 143 million correspond to Abertis, which increased its contribution by 22% compared to 2021.
- The Services business obtained a net profit of EUR 27 million.
- Lastly, the Corporate Unit contributed a profit of EUR 96 million, which includes, among others, the positive effect of the change in the value of financial instruments linked to ACS shares.

The strong operating cash flow generated, which amounts to EUR 1,333 million, made it possible to close the year with a solid financial position. At year-end, net cash stood at EUR 224 million, after having invested in various strategic operations during the year, such as the takeover bid for Cimic for EUR 904 million or the acquisition of an additional 15.1% interest in Hochtief for EUR 604 million, and other investments of EUR 187 million, mainly in Australia with the purchase of MACA and in the United Kingdom with acquisitions of service companies by Clece.

The Group will continue to strengthen its leadership position in the strategic regions in which it operates, namely North America, Australia and Europe. As part of this plan, we continue to make progress in reducing risks in our portfolio through partnerships and other collaboration agreements with our customers, while continuing to improve our local capabilities. Approximately 70% of our backlog, which reached EUR 68,996 million at year-end, is currently made up of contracts with a low risk profile.

In addition, we continued to expand investment in infrastructure concession assets to balance out the risk profile of the businesses, with the acquisition of the managed SH 288 highway in Texas that took place at the beginning of this year, which was an important milestone in strengthening the concession area and involved an outlay of more than EUR 1 billion.

Furthermore, new markets are emerging in the infrastructure sector to accompany the technological and energy transition. Projects related to renewable energy, digitalisation, transport and sustainable mobility, and the health and biopharmaceutical industry are in a cycle of rising demand, in line with the trend shown in developed countries, and that respond to the needs of an increasingly advanced and sophisticated society.

To take advantage of these opportunities, the Group is adding to our current business and strengthening engineering competencies, developing digital innovation systems and transforming our supply chain management through the creation of logistics platforms in the United States and Asia. These changes are enabling us to position ourselves in the value chain of high-growth sectors, which is reinforced by various acquisitions of specialised companies.

This strategy is beginning to pay off, since as early as 2022 the ACS Group was awarded multi-million contracts to develop infrastructure in these new business segments. We are building electric vehicle battery plants in Ohio, Kentucky and in Germany. In Australia, we have been contracted to install renewable electricity infrastructure with high-capacity storage systems.

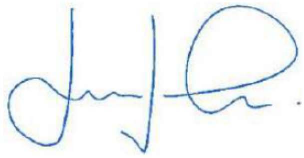
In terms of infrastructure projects associated with implementing new technologies and digitalisation, we were recently awarded the contract for the construction of several data centres in Virginia, Ohio, Missouri, Texas and Nebraska, projects managed by a team of around 1,000 specialists. This is a high-growth segment in which we are highly specialised and have a leadership position in the North American market through Turner. Overall, the Group was awarded digital infrastructure contracts amounting to more than EUR 3,000 million in 2022.

In the area of transport and sustainable mobility, we have been award a contract to operate the connected, sustainable and intermodal transport network in Sydney. We are also part of the consortium that will manage Canberra’s new light rail system for 20 years.

In the area of biopharma and healthcare, we are going to build a pharmaceutical plant in Colorado that will produce oligonucleotides that help treat cancer and cardiovascular diseases. We have also been awarded various hospital infrastructure projects in New York, California and New South Wales.

These examples show where the future of the sector that we intend to lead is going.

It has been just over ten months since I took up the position of CEO of the ACS Group, a company in which I have spent my entire professional career and that I consider my home. I would like to thank you for the trust you have placed in me and reiterate my commitment to this exciting challenge of leading the ACS Group towards an increasingly promising future.

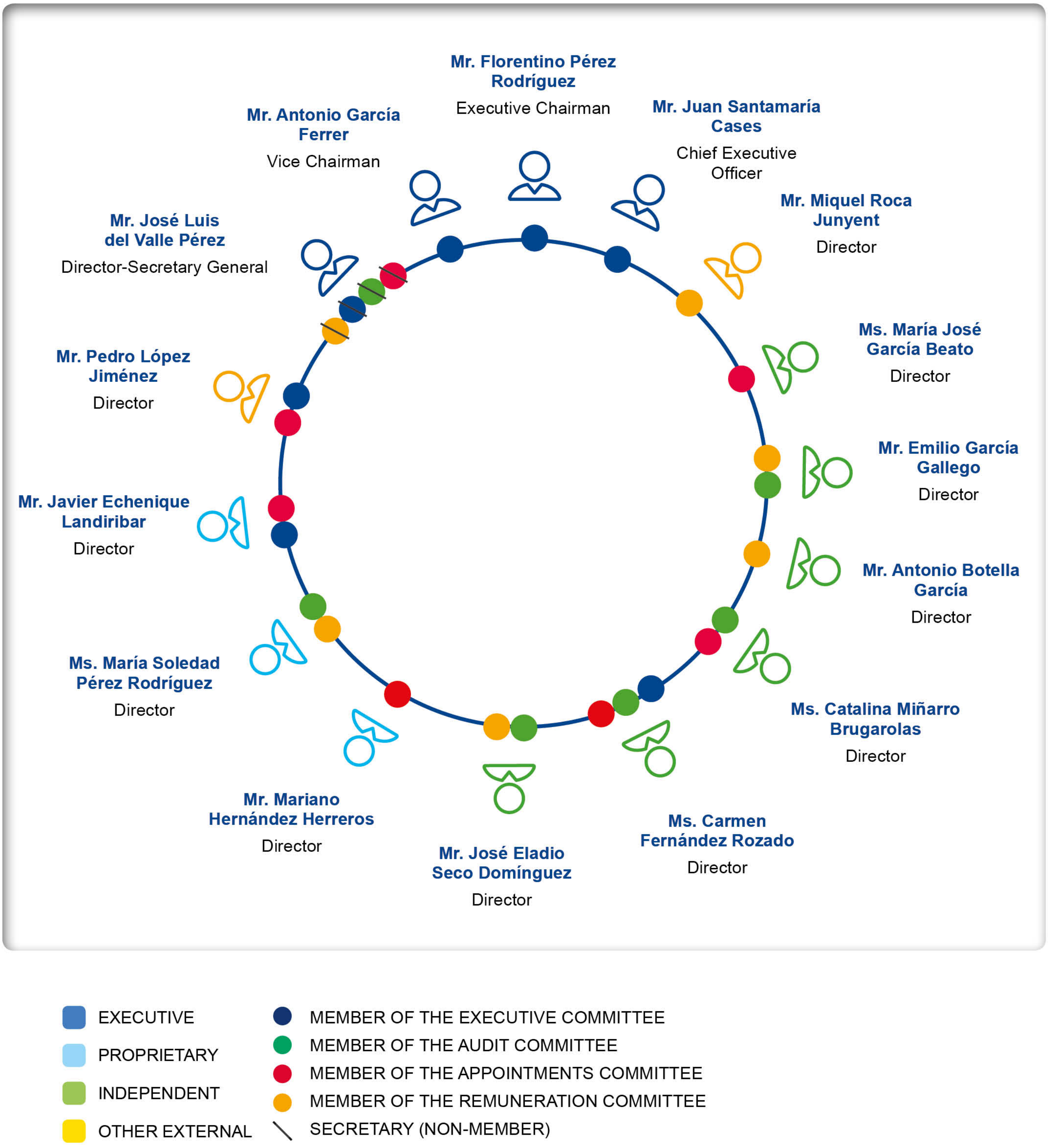


Juan Santamaría Cases
CEO of the ACS Group

1. GOVERNING BODIES


LINDEN
COMANSA

1.1. BOARD OF DIRECTORS



Mr. Florentino Pérez Rodríguez
Executive Chairman
Civil Engineer
Chairman of the ACS Group since 1997

Mr. Juan Santamaría Cases
Chief Executive Officer
Civil Engineer
Member of the ACS Group's Board of Directors since May 2022
Chief Executive Officer of HOCHTIEF, A.G.
Executive Chairman of CIMIC

Mr. Antonio García Ferrer
Vice Chairman
Civil Engineer
Member of the ACS Group's Board of Directors since 2003

Mr. Antonio Botella García
Director
B.A. in Law. Lawyer
State Lawyer (retired)
Member of the ACS Group's Board of Directors since 2015

Mr. Javier Echenique Landiríbar
Director
B.A. in Economics
Member of the ACS Group's Board of Directors since 2003
Director of Calcinor, S.L.
Vice Chairman of Telefónica, S.A.
Member of Telefónica Audiovisual Digital, S.L.U.'s Board of Directors (Grupo Telefónica, S.A.)

Ms. Carmen Fernández Rozado
Director
B.A. in Economics and Business Administration and in Political Sciences and Sociology
PhD in Public Finance
State Treasury Inspector
Auditor
Member of the ACS Group's Board of Directors since 2017
Director of EDP (Energías de Portugal)

Mr. Emilio García Gallego
Director
Civil Engineer and B.A. in Law
Member of the ACS Group's Board of Directors since 2014

Ms. María José García Beato
Director
B.A. in Law, Diploma in Criminology and State Lawyer
Member of the ACS Group's Board of Directors since 2022
Director of Banco Sabadell
Director of the Iberpapel Group

Mr. Mariano Hernández Herreros
Director
B.Sc. in Medicine and Surgery
Member of the ACS Group's Board of Directors since 2016

Mr. Pedro López Jiménez
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 1989
Chair of the Supervisory Board, Human Resources Committee and the Appointments Committee at HOCHTIEF
Member of the Board of Directors, Remuneration and Appointments Committee, and Ethics, Compliance and Sustainability Committee at CIMIC
Director and member of the Audit and Control Committee and of the Appointments and Remuneration Committee at Abertis

Ms. Catalina Miñarro Brugarolas
Director
B.A. in Law and State Lawyer
Member of the ACS Group's Board of Directors since 2015
Director (2nd Vice Chair and Lead Director) at MAPFRE, S.A.
Member of the Delegate Committee and Chair of the Appointments and Remuneration Committee at MAPFRE, S.A.
Director and Member of the Management Committee at MAPFRE ESPAÑA, S.A.
Director of MAPFRE INTERNACIONAL, S.A.

Ms. María Soledad Pérez Rodríguez
Director
B.Sc. in Chemistry and Pharmacy
Member of the ACS Group's Board of Directors since 2014

Mr. Miquel Roca Junyent
Director
Lawyer
Member of the ACS Group's Board of Directors since 2003
Director of Endesa (2009-2021)
Director of Aguas de Barcelona
Secretary (non-director) of the Board of Directors at Abertis Infraestructuras
Secretary (non-director) of the Board of Directors at Banco de Sabadell
Secretary (non-director) at TYPSA
Secretary (non-director) at WERFENLIFE

Mr. José Eladio Seco Domínguez
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 2016

Mr. José Luis del Valle Pérez
Director - Secretary General
B.A. in Law and State Lawyer
Member of the ACS Group's Board of Directors since 1989
Member of the Supervisory Board at HOCHTIEF
Member of the Board of Directors of CIMIC
Director and member of the Appointments and Remuneration Committee at Abertis

Online access to their biography: www.grupoacs.com

1.2. MANAGEMENT COMMITTEE

Mr. Florentino Pérez Rodríguez

Executive Chairman

Born in 1947.
Civil Engineer.

He began his professional career in the private sector. From 1976 to 1983, he held several positions in the Spanish Government, where he was the Delegate for Sanitation and the Environment on the Madrid City Council, Managing Sub-Director for the Promotion of the Centre for the Development of Industrial Technology (CDTI) of the Ministry of Industry and Energy, Managing Director of Transport Infrastructure of the Ministry of Transport, and Chairman of the National Institute for Agricultural Reform and Development (IRYDA) of the Ministry of Agriculture. In 1983, he returned to the private sector and since 1984 has been the top executive of Construcciones Padrós, S.A., as its Vice Chairman and CEO, and is also one of its main shareholders. Since 1987, he has been Chairman and CEO of Construcciones Padrós, S.A. Since 1993, he has been the Chairman and CEO of OCP Construcciones S.A., the result of the merger of Construcciones Padrós, S.A. and OCISA. Since 1997, he has been Executive Chairman of the ACS Group, the result of the merger of OCP Construcciones S.A., Ginés Navarro, S.A. and Auxini, S.A.

Mr. Juan Santamaría Cases

Chief Executive Officer

Born in 1978.
Civil Engineer.

He has spent his entire working career with the ACS Group. Between 2002 and 2006 he held various positions at Iridium and Dragados as Engineer and Project Manager; from 2006 to 2013 he was General Manager of ACS Infrastructures in the US and Canada; from 2013 to 2015 he was President and General Manager of Iridium; in 2016 he held the position of Executive Manager for CPB in Western Australia and the Northern Territory in Australia; in 2017 he was General Manager of the Industrial and Services Company UGL; and in 2018 and 2019 he was General Manager of CPB Contractors in Australia, with operations in Australia, New Zealand and Asia. In February 2020, he was appointed CEO of CIMIC. In November 2020, he was appointed Executive Chairman of the CIMIC Group. In May 2022, he was appointed CEO of ACS, Actividades de Construcción y Servicios, S.A. In July 2022, he was appointed CEO of Hochtief AG.

Mr. Antonio García Ferrer

Vice Chairman

Born in 1945.
Civil Engineer.

He began his professional career at Dragados y Construcciones, S.A. in 1970. After holding several positions of responsibility in the construction company, he was appointed Regional Manager for Madrid in 1989, Building Works Manager in 1998, and Managing Director of the Industrial and Services divisions in 2001. In 2002, he became Chairman of Grupo Dragados, S.A. and since December 2003, he has been Vice Chairman of the ACS Group.

Mr. Ángel García Altozano
Corporate General Manager

Born in 1949.
Civil Engineer and MBA

He began his professional career in the construction sector. He has been Managing Director of the National Institute of Industry (INI) and Chairman of Bankers Trust for Spain and Portugal. He joined the ACS Group in 1997 as Corporate Managing Director, responsible for the economic and financial areas (CFO), corporate development and investee companies.

Mr. José Luis del Valle Pérez
General Secretary

Born in 1950.
B.A. in Law and State Lawyer

From 1975 to 1983, he held several positions in the Spanish Government and was a member of the Spanish Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the ACS Group's Board of Directors since 1989 and has also been its General Secretary since 1997.

Mr. Eugenio Llorente Gómez
Industrial Projects Manager

Born in 1947.
Technical Industrial Engineer,
MBA from Madrid Business School.

He began his professional career at Cobra Instalaciones y Servicios, S.A. in 1973. After holding several positions of responsibility, in 1989 he was appointed Director of Zona Centro, in 1998 he was promoted to Managing Director and in 2004 to CEO.

1.3. MANAGEMENT TEAM

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

Mr. Florentino Perez Rodriguez
Executive Chairman

Mr. Juan Santamaría Cases
Chief Executive Officer

Mr. Antonio García Ferrer
Vice Chairman

Mr. Angel Garcia Altozano
Corporate General Manager

Mr. Jose Luis del Valle Perez
General Secretary

Mr. Eugenio Llorente Gómez
Industrial Projects Manager

Mr. Ángel Muriel Bernal
Deputy General Manager to the CEO

CONSTRUCTION

HOCHTIEF

Mr. Juan Santamaría Cases
Chairman of the Vorstand(1) and CEO of HOCHTIEF AG.
Executive Chairman of CIMIC Group

Mr. Pedro López Jiménez
Chairman of the Supervisory Board

Mr. Peter Sassenfeld
Member of the Vorstand(1) of HOCHTIEF AG.
Chief Financial Officer (CFO)

Mr. José Ignacio Legorburo Escobar
Member of the Vorstand(1) of HOCHTIEF AG.
Chief Operating Officer (COO)

Mr. Nikolaus Graf von Matuschka
Member of the Vorstand(1) of HOCHTIEF AG.
Chief Executive Officer (CEO) of HOCHTIEF Solutions.

Ms. Martina Steffen
Member of the Vorstand(1) of HOCHTIEF AG.
General Manager of Human Resources and Sustainability

Mr. Peter Coenen
Managing Director of HOCHTIEF PPP Solutions

Mr. Peter Davoren
Chairman and Chief Executive Officer (CEO) of Turner Construction

Mr. Pedro Vicente
Chief Executive Officer (CEO) of CIMIC Group

Mr. Ignacio Segura Suriñach
Deputy CEO of CIMIC Group

Mr. Emilio Grande
Chief Financial Officer (CFO) of CIMIC Group

Mr. Jason Spears
Managing Director of CPB Contractors

Mr. Grant Fraser
Managing Director of Sedgman

Mr. Geoff Sewell
Managing Director of EIC Activities

Mr. Doug Moss
Managing Director of UGL

Mr. Adolfo Valderas
Chairman and Chief Executive Officer (CEO) of Flatiron

DRAGADOS

Mr. Pedro López Jiménez
Chairman

Mr. Santiago García Salvador
Chief Executive Officer

Mr. Luis Nogueira Miguelsanz
General Secretary

Mr. Ricardo Martín de Bustamante
Civil Engineering Manager

Mr. Gonzalo Gómez Zamalloa
Building Works Manager

Mr. José Antonio López-Monís
Manager of North America

Mr. Ramón Astor Catalán
Manager of Latin America

Mr. Ricardo García de Jalón
Manager of Spain

Mr. Federico Conde del Pozo
Manager of Europe

Mr. José María Aguirre Fernández
Manager of Roads

*At 31 December 2022
(1) Management Committee

CONCESSIONS

IRIDIUM

Ms. Nuria Haltiwanger
Chief Executive Officer (CEO)

SERVICES

CLECE

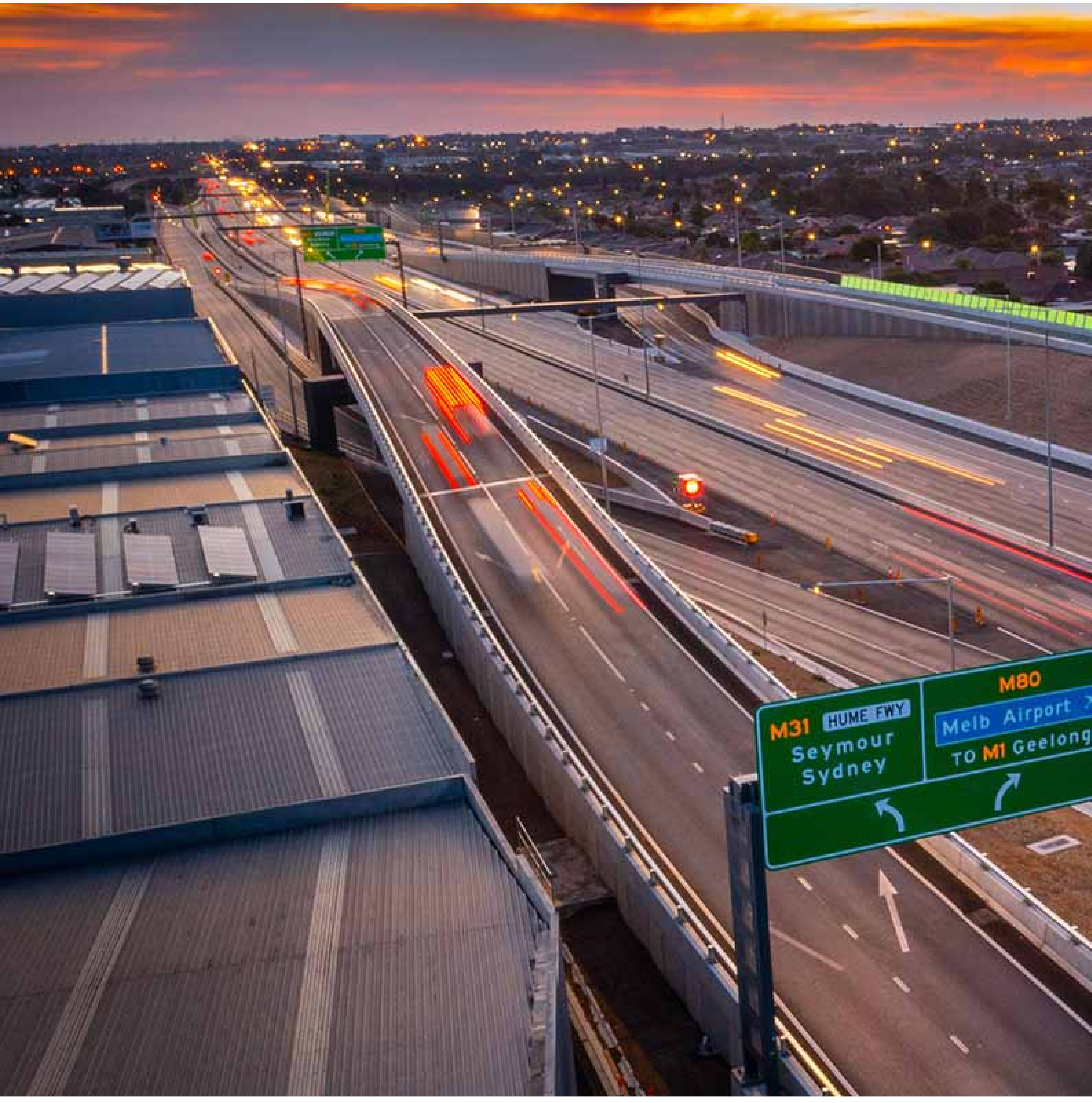
Mr. Cristóbal Valderas
Chief Executive Officer (CEO)

OTHER

COGESA

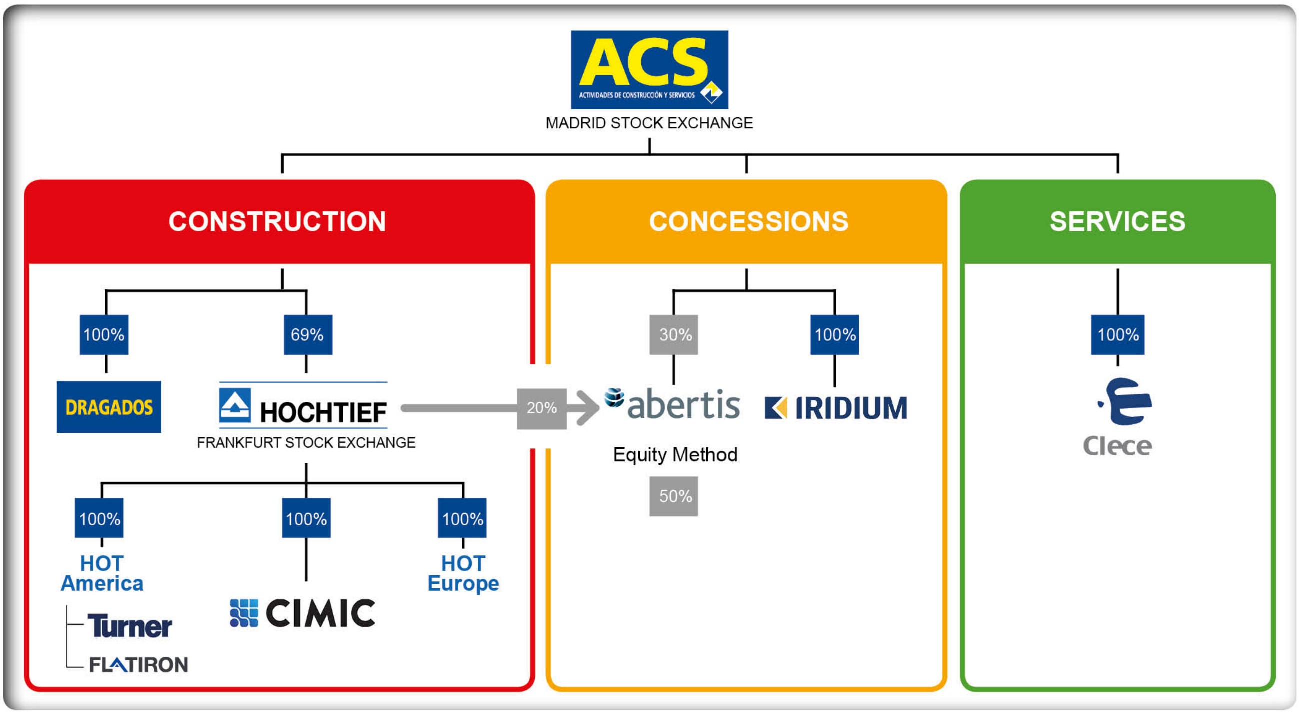
Mr. Enrique Pérez Rodríguez
Sole director

2. THE ACS GROUP



2.1. A GLOBAL LEADER IN INFRASTRUCTURE AND SERVICES

The ACS Group[1] is a global benchmark in construction activities and services, made up of leading companies in an increasingly competitive, demanding and global sector.



ACS GROUP DATA 2022

TURNOVER	BACKLOG	EBITDA	NET PROFIT
33,615	**68,996**	**1,747**	**668**
EURO MILLION	EURO MILLION	EURO MILLION	EURO MILLION

EMPLOYEES

128,721

88.6%	**98.2%**	**82.0%**	**1,048,174**
% EMPLOYEES COVERED BY SAFETY CERTIFICATIONS (ISO 45001)	LOCAL EMPLOYEES	LOCAL SUPPLIERS	TOTAL TEACHING HOURS
83.2%	**510,797**	**57,979**	**14.3**
% RECOVERY WASTE	SCOPE 1+ SCOPE 2 EMISSIONS (TCO2)	MW OF RENEWABLE ENERGY CONSUMED	INVESTMENT IN SOCIAL ACTION (€ MN)

[1] Its parent company is ACS, Actividades de Construcción y Servicios, S.A., with registered office in Madrid, Spain.

The highly decentralised structure of the ACS Group enables it to carry on its activity through an extensive network of specialised companies that ensure the Group's presence across the entire infrastructure and services business value chain. Through this complex but efficient organisation, the companies are managed and operated independently but follow shared guidelines, values and culture. This allows each company to individually provide a multitude of valid and cost-effective management formulas thanks to the multiple factors involved in their decisions, which generate Group-wide knowledge and good practices.

The main areas of activity within the Group are divided into:

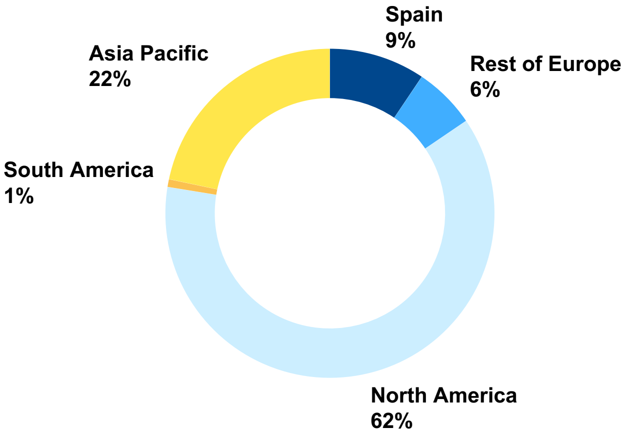
Construction: This includes the activities of Dragados and HOCHTIEF, and is aimed at carrying out all types of infrastructure projects, both in civil engineering projects (bridges, roads, railways, hydroelectric infrastructure, etc.) and building projects (hospitals, commercial buildings, industrial facilities, social and leisure buildings, etc.); it also provides services for the development and maintenance of infrastructure necessary for society (energy, transport, communications and technology, natural resources and water treatment).

The geographical regions with the greatest exposure are North America, Asia Pacific and Europe, operating mainly in developed markets that are safe from a geopolitical, macroeconomic and legal perspective.

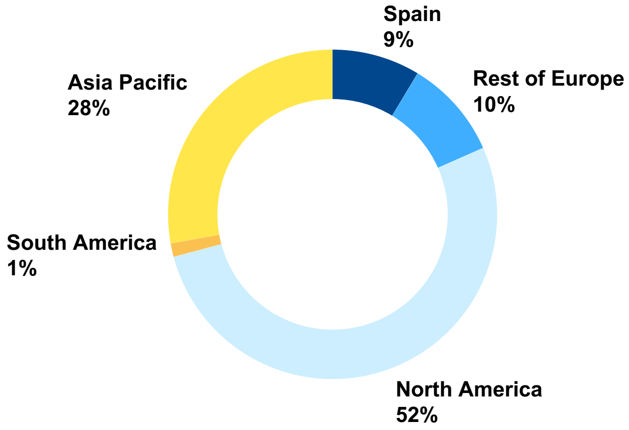
Concessions: This includes the activities of Iridium and the shareholdings in Abertis and is focused on the development and operation of transport concessions. These projects are carried out either through direct construction models for public and private customers, or through public-private partnership models, where the ACS Group is involved in the entire value chain of the concessions business, from the design of the project to its financing, construction, start-up, and operation.

Services: This includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organisations, and assistance to people. This area is mainly based in Spain but also shows incipient growth in the European market.

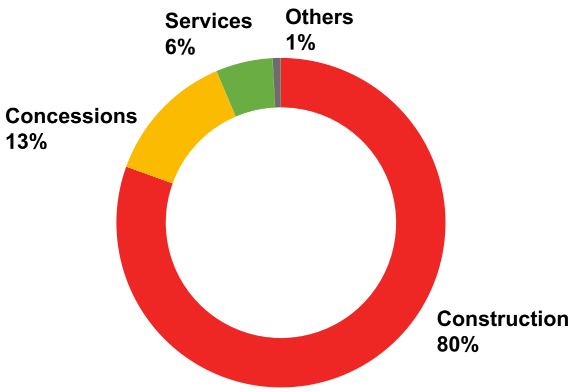
TURNOVER



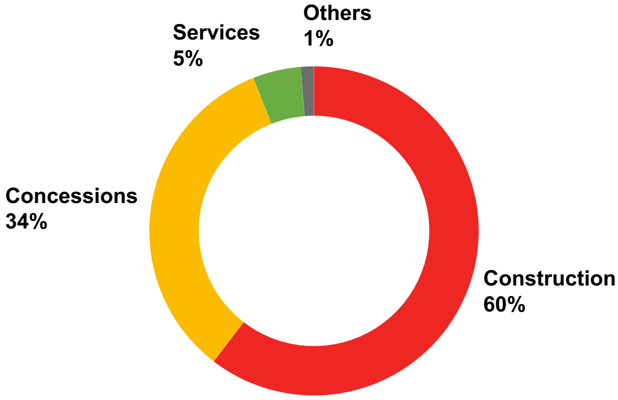
BACKLOG



EBITDA*



NET PROFIT*



*The percentages are calculated based on the sum of the activities considered in the graph. "Other" represents the Group's real estate activities (Cogesa)

As a global company, the ACS Group participates in the development of key sectors for the world economy and it is also committed to the economic and social progress of the countries in which it is present.

All the Group's activities are distinctly focused on the customer, in the spirit of service and acting as a guarantee for the future, developing a solid, long-term relationship of trust based on mutual understanding.

The Group's flexible and decentralised organisation promotes employee responsibility and initiative, which is a basic tool for generating the maximum profitability and for ensuring the excellence needed to offer the best services and products to customers.

The Group upholds an undeniable commitment to sustainable development, serving society in an efficient and ethically responsible way through its ability to generate value for the company and all of its stakeholders, demanding the highest standards of integrity from its employees and collaborators.

These values, which have been part of the Group's culture since its inception, have generated the main competitive advantages that are the basis of past and future growth.

CHRONOLOGY

The Group's success story is based on efficient organisation and dynamic and enterprising management, implemented through successive mergers, acquisitions and strategic plans committed to maximising profitability for its shareholders. The ability to integrate, assimilate and develop a common culture has enabled the Group to consolidate its position as an international leader in infrastructure development.

1983	Construcciones Padrós, S.A.	Founded in 1968 Construction company based in Badalona, Spain, which was restructured following its acquisition and relaunched. It is the seed from which the ACS Group grew into what it is today.
1986	OCISA	Founded in 1942 Spanish construction company, the acquisition of which represented a large expansion for the Group in the 1980s.
1992	OCP CONSTRUCCIONES	Founded in 1992 Industrial services company; a leader in Spain and Latin America, it was a stock exchange acquisition that led the Group's expansion in this area.
1996	AUXINI CONSTRUCCION	Founded in 1945 A state-owned construction company, it increased the Group's national presence.
1997	GINES NAVARRO CONSTRUCCIONES S.A.	Founded in 1930 One of the most important construction companies in Spain, specialising in civil engineering projects.
1997	VIAS	Founded in 1928 One of the most experienced railway development companies in Spain, with more than 80 years of experience. It joined the ACS Group as a subsidiary of Ginés Navarro.
1997	ACS	Founded in 1997 World leader in infrastructure development. It was the result of a merger between OCP and Ginés Navarro in 1997.
2003	Grupo Dragados	Founded in 1941 Leader in Spain and a very diversified company. By merging with ACS, it created one of the five largest companies in the world and laid the foundation for the Group's future growth.
2003	Clece	Founded in 1992 Initially focused on providing cleaning services to public entities, it has become the benchmark multi-service company in Spain.
2011	HOCHTIEF	Founded in 1873 A leading company in Germany with a presence in over 50 countries, it is the ACS Group's international growth platform.
2011	Turner	Founded in 1902 A HOCHTIEF subsidiary since 1999, America's leading general contractor is present practically throughout the entire country, developing large, non-residential building projects.
2011	CIMIC	Founded in 1949 A HOCHTIEF subsidiary that was acquired in 1983. It is Australia's leading construction company and a world leader in mining concessions. In May 2022, the takeover bid launched by HOCHTIEF to obtain a 100% shareholding was completed, which led to its delisting from the Sydney stock exchange.
2018	abertis	Founded in 2003 Abertis is one of the leading operators in toll road management, with almost 8,000 kilometres (5,300 miles) of roads in 15 countries, in which the ACS Group has approximately a 50% interest.

2.2. A STRATEGY FOCUSED ON CREATING SHARED VALUE

The ACS Group operates in an increasingly complex and competitive environment with a strategy adapted to the challenges and opportunities that arise in a highly dynamic global sector.

The ACS Group has consolidated a leading business model worldwide in its sector, featuring extensive diversification in terms of geography and business activity, thanks to its strategy of pursuing global leadership, optimising the profitability of the resources employed and promoting sustainable development. These three pillars ensure the generation of shared value for all its stakeholders and sustainable and profitable growth for its shareholders.

BUILDING A BETTER FUTURE THROUGH THE DEVELOPMENT AND OPERATION OF INFRASTRUCTURE THAT HELPS THE ECONOMIC AND SOCIAL PROGRESS OF THE COUNTRIES IN WHICH WE ARE PRESENT

PURSUE GLOBAL LEADERSHIP

Positioning itself as one of the main players in all sectors in which it is involved, thus enhancing its competitiveness, maximising the creation of value in its relationship with customers and continuing to attract talent to the organisation.

Meeting customers' needs by offering a diversified product portfolio, innovating on a day-to-day basis and selectively investing to increase the range of services and activities offered.

Continuously improving standards of quality, safety and reliability of the services offered.

Expanding the Group's current customer base through ongoing commercial effort in new markets.

OPTIMISE RESOURCE PROFITABILITY

Increasing operational and financial efficiency, offering attractive returns to the Group's shareholders.

Applying rigorous investment criteria that are in line with the company's strategy for expansion and growth.

Maintaining a strong financial structure that facilitates the acquisition of resources and keeping their cost low.

PROMOTE SUSTAINABLE GROWTH

Improving society and helping the economy grow, generating wealth through the ACS Group's own activities, thus ensuring the well-being of citizens.

Respecting the economic, social and environmental landscape, while responding to the challenges and opportunities of the sector, innovating through the company's procedures and respecting the recommendations of the most important national and international institutions in each of its activities.

Acting as an economic driver for the creation of stable, decent and fairly-compensated employment. Complying with the diversity principles set out by the Group.

SUSTAINABLE AND PROFITABLE GROWTH

CREATING SHARED VALUE

CONTRIBUTING TO THE DEVELOPMENT OF OPERATING ENVIRONMENTS

- Creation of employment and well-being as an economic driver for society
- Prioritisation of local resources
- Knowledge sharing and technology transfer

RESPONDING TO GLOBAL CHALLENGES

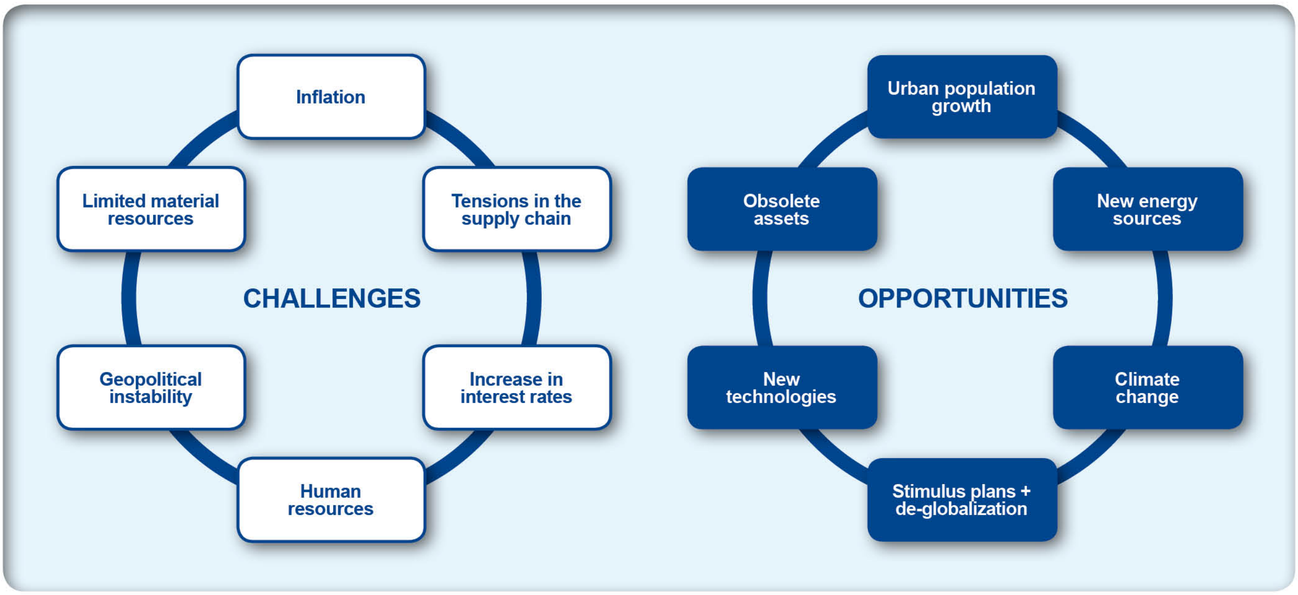
- In diverse economic and social environments, including those related to climate change
- Search for innovative and sustainable solutions

COMMITMENT TO SUSTAINABILITY

2.2.1. CHALLENGES AND OPPORTUNITIES IN THE SECTOR

The infrastructure sector is facing unprecedented strategic changes, including the need to address decarbonisation, the energy transition, circularity and productivity, together with the advancement of new technologies and digitisation of the industry, in an environment of higher inflation and supply chain stresses due to material, human and energy resource constraints. These global challenges imply new opportunities and challenges for the sector, which must respond to a growing demand for new generation infrastructure.

The ACS Group has a unique position in the sector in developed markets, along with a decentralised, flexible and dynamic business model that allows it to adapt quickly to different market conditions and take advantage of the opportunities offered by the sector. These characteristics, together with a strong financial position, represent a clear competitive advantage and position the ACS Group as a key player in the transition of the sector.



The ACS Group is responding to the growing demand for new generation infrastructure that is more developed and sophisticated, and that is able to quickly and constantly readapt to new technologies by supporting:

- The construction of the infrastructure necessary for the energy transition, which includes the capacity to manufacture batteries for electric vehicles on a large scale or for the electricity supply, and the development of new energy projects.
- The digital transformation, with the deployment of high-tech infrastructure, including 5G, and its applicability in state-of-the-art facilities and data centres, and the introduction of new concepts of sustainable mobility through the use of new technologies.
- The gradual process of deglobalisation that is increasing investment from North America and Europe in key sectors for society such as pharmaceuticals, health, manufacturing and technology, among other sectors.

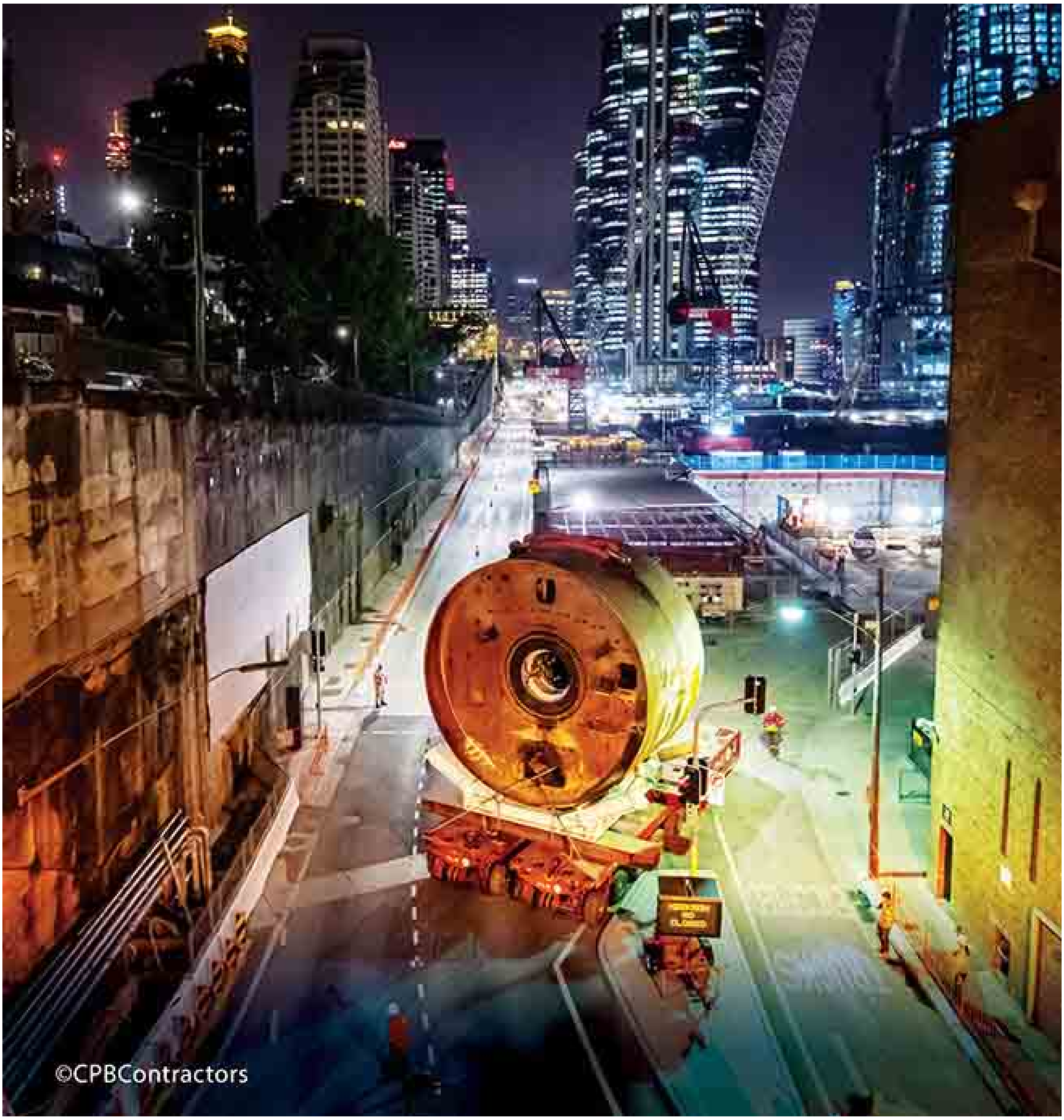
2.2.2. PROMOTING SUSTAINABLE AND PROFITABLE GROWTH

To address the challenges and take advantage of the opportunities in the sector, the ACS Group has established three main lines of action:

1. **Growth in new technology generation:** The ACS Group's objective is to expand its position in the value chain of high-growth sectors, increasing the volume of projects in areas of energy transition, digital infrastructure, sustainable mobility and in the health and biopharma sector. The Group is therefore strengthening its engineering capabilities, the development of digital innovation systems and the transformation of supply chain management through the creation of logistics platforms in the US and Asia.

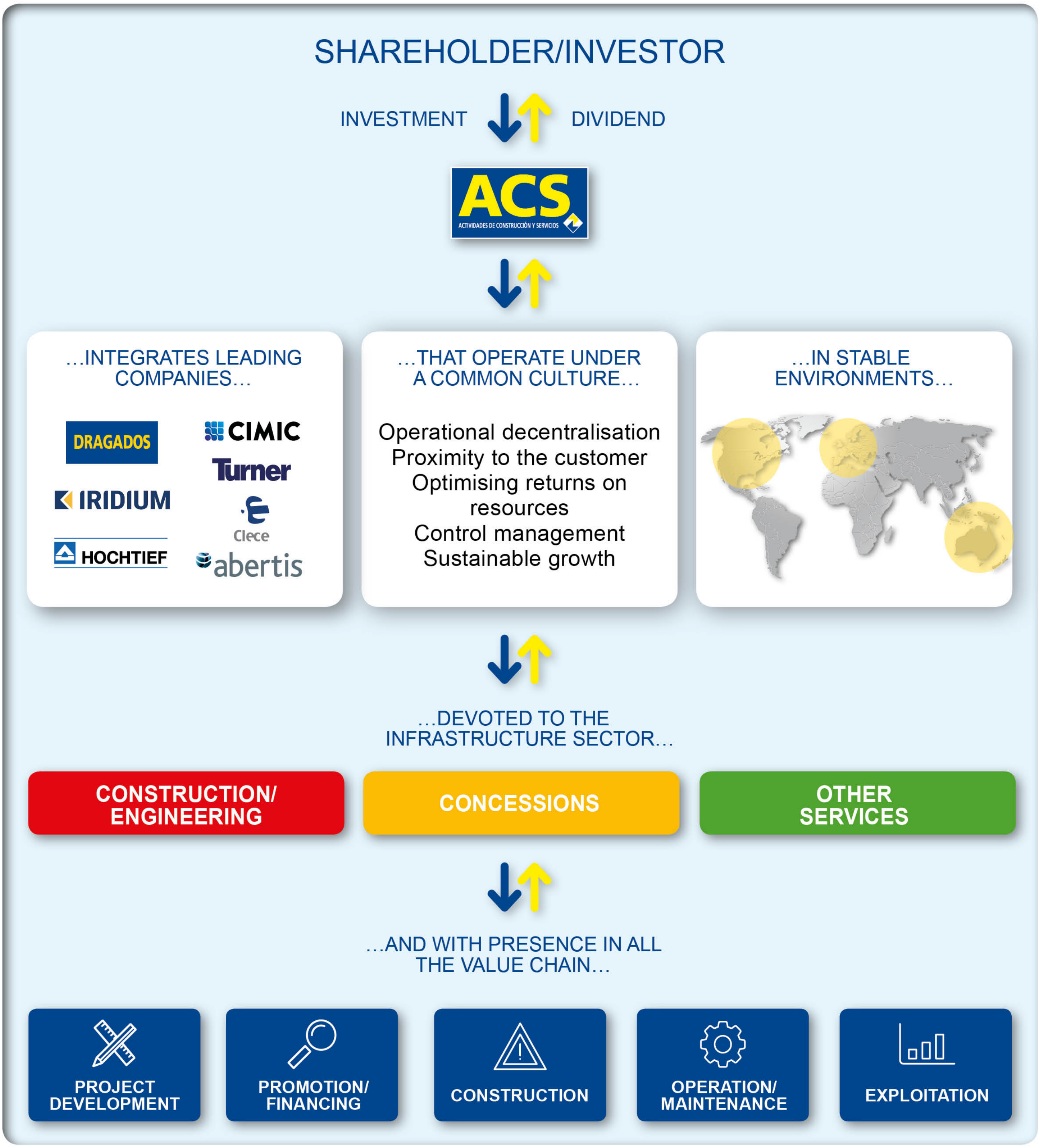
2. **Active capital allocation policy:** The Group continues to strengthen its concession activities, not only through the incorporation of new transport infrastructure projects, but also through strategic alliances in new generation infrastructure projects demanded by the market.

3. **Reduction in the risk profile of projects towards a more balanced model:** Through partnerships and other collaboration agreements that strengthen relationships with customers and local teams. Around 70% of the ACS Group's contracts in its portfolio currently have a low risk profile.



2.2.3. WITH A BUSINESS MODEL

The ACS Group's business model guarantees maximum returns for its shareholders while generating value in the form of social and economic development in the environments where the Group companies operate.



INPUTS

Gross operating investments (€ mn)
285

Gross investment in projects and financial investments (€ mn)
2,081

Employees
128,721

Graduates and students with diplomas
16.0%

Investment in R&D (€ mn)
27

Number of ongoing R&D projects
137

DIALOGUE WITH STAKEHOLDERS

Meetings organized by investor relations
184

Calls/emails from shareholders answered
1,196

CONSUMPTION

Water (m3)
1,262,976

Total energy consumption (MWH)
1,852,102

Total wood purchased (m3)
322,632

Total steel purchased (t)
854,477

Total concrete purchased (m3)
5,011,694

OUTPUTS

Turnover (€ mn)
33,615

Net profit (€ mn)
668

Dividends paid and treasury stock (€ mn)
996

Personnel expenses (€ mn)
7,250

% local employees
98.2%

Backlog (€ mn)
68,996

COMMUNITY CONTRIBUTION

Investment in social action (€ mn)
14.3

% procurement from local suppliers
82.0%

CONSUMPTION

Variation in the intensity of Scope 1 emissions/ sales (vs 2021)
-15.8%

Variation in the intensity of Scope 2 emissions/ sales (vs 2021)
-16.6%

Through this business model, the Group contributes to the creation of shared value and the development and strengthening of the economic and social fabric of the territories where it is present.

Specifically, in 2022, the company generated an economic value of EUR 34,385 million. In turn, the value distributed to ensure the well-being of citizens amounted to EUR 41,194 million.

(201-1) Generated, distributed, and withheld economic value (€ mn)*	2021	2022
Total production value	27,837	33,615
Financial income	103	178
Divestments*	448	592
(1) Economic value generated	28,387	34,385
Operating and procurement expenses	26,512	32,249
Personnel expenses	6,239	7,250
Corporate tax	123	201
Dividends paid and treasury stock	879	996
Financial expenses	363	484
Resources earmarked for the community	12	14
(2) Distributed economic value	34,127	41,194
Withheld economic value (1-2)	-5,739	-6,809

(*) Data for 2021 and 2022 are presented in ordinary terms in accordance with ACS Group management criteria. Excludes the divestment of Industrial Services in 2021.

2.2.4. COMMITTED TO SUSTAINABILITY

One of the pillars of the ACS Group's corporate strategy is its undeniable commitment to carrying out its activities in a sustainable and responsible manner, built around the principles defined in the ACS Group's Sustainability Policy.

This Sustainability Policy, which was updated and approved by the Board of Directors in December 2020, sets out the following areas of activity for the ACS Group in this regard, and in the Group's relationship with its environment:

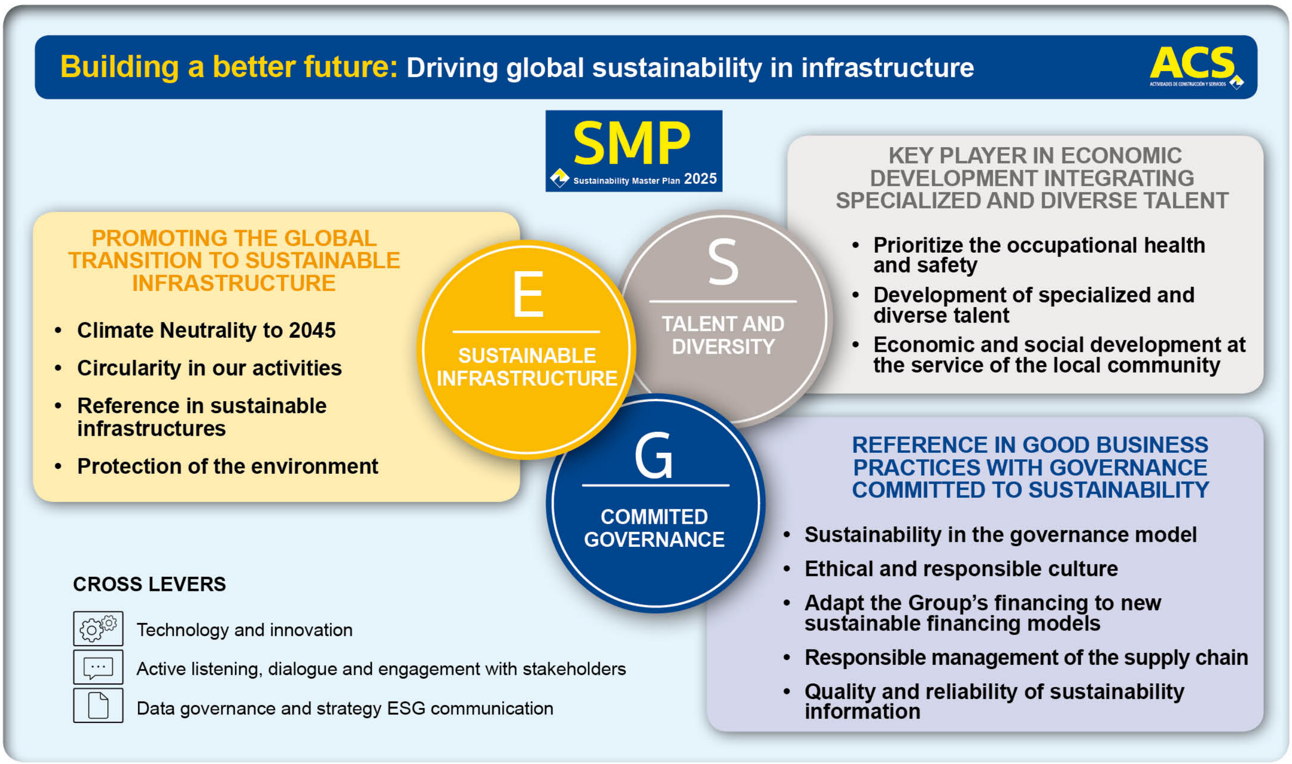
- Respect for ethics, integrity and professionalism in the Group's relationship with its stakeholders.
- Respect for the economic, social and environmental surroundings.

Sustainability policy

- Promotion of innovation and research as these apply to infrastructure development.
- Creation of employment and well-being as an economic driver for society.
- Appropriate and strict management of the non-financial risks that may affect the Group, maximising the positive impacts and minimising the negative impacts of its activities.

Thus, the ACS Group's Sustainability area brings together the contributions of the Group's different companies, which define their action policies independently and manage their resources as efficiently as possible, always governed by the common principles defined in the ACS Group's Sustainability Policy, while at the same time pursuing the common objectives developed in the 2025 Sustainability Master Plan approved by the Board of Directors in 2021.

This Plan sets out the Group's three strategic priorities and the twelve commitments with regard to sustainability that the ACS Group has set itself to continue **driving the overall sustainability in infrastructure**:

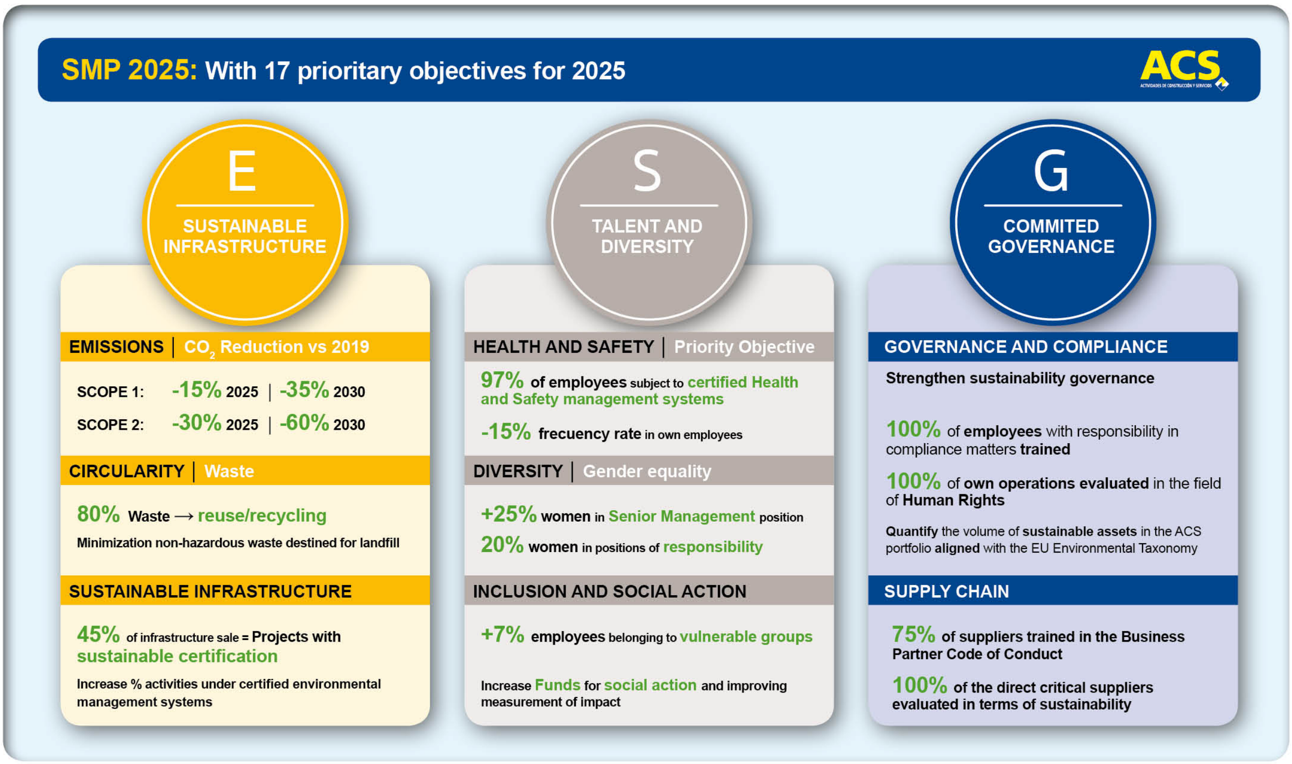


These three commitments include 26 strategic lines and 38 objectives for 2025 with the aim of continuing to create shared value and maintaining the ACS Group's position as a global leader in the infrastructure sector.

Details of the 2025 Sustainability Master Plan

Considering the requirements of stakeholders in terms of sustainability and the material issues identified, the ACS Group has established 17 of these objectives as priorities for 2025:

Monitor the 17 priority objectives of the 2025 Sustainability Master Plan



The ACS Group's Sustainability Master Plan is in line with:

- the Group's corporate purpose and strategy,
- the fight against climate change,
- the demands and requirements of stakeholders,
- and achieving the United Nations Sustainable Development Goals.

The new 2025 Sustainability Master Plan therefore makes a substantial contribution to the achievement of **6 priority Sustainable Development Goals.**

The Master Plan will enable the Group to increase its contribution to the Sustainable Development Goals, which has a positive impact on society.

Contribution to achieving the SDGs

MAIN MILESTONES IN 2022

ENVIRONMENT

Climate neutrality by 2045	Reduction of scope 1+2 emissions by 28.7% compared to 2019
	Improved identification and reporting of scope 3 emissions: measurement of emissions generated by employee travel, the use of construction materials, waste treatment and other emissions identified in the value chain
Circularity in activities	Percentage of recovered waste: 83.2% of the total
	Number of projects with life-cycle analysis carried out during the year: 69
Environmental protection	Updating the Environmental Policy: inclusion of environmental due diligence and non-deforestation commitment
Benchmarks in sustainable infrastructure	Sales of sustainably certified projects: EUR 12,935 million in 2022 (+20.2% compared to 2021 and +41.2% of the ACS Group's total construction sales)

SOCIAL

Prioritise occupational safety and health	Reduction in the Construction frequency rate by 16.5% compared to 2019
	Reduction in the Services frequency rate by 2.1% compared to 2019
Develop specialised and diverse talent	Increase training hours by 8.8% and the number of employees trained by 22.4% compared to 2021
	22.2% women in positions of responsibility
	10,981 employees belonging to vulnerable groups
Economic and social development at the service of the local communities	EUR 14.3 million in investment in social action

GOVERNANCE

Ethical and responsible culture	Changes to a set of policies and procedures and the development of two new policies to bring the Group's internal regulations into line with regulatory changes, voluntary certifications obtained in 2022, and stakeholder requirements
Sustainability in the governance model	
Responsible management of the supply chain	78.6% of suppliers evaluated in the last 3 years and 59.5% of suppliers adhering to ethical, social and environmental commitment standards
Financing adapted to the new sustainable financing models	ACS Group taxonomically aligned activities reporting (climate change mitigation and adaptation objectives)

2.2.5. GROUP PERFORMANCE IN 2022

1. Excellent operating results with a solid financial position supported by strong cash generation

The Group's operating activities showed strong performance during 2022 in all business areas, with a solid financial position supported by strong cash generation by the businesses.

- The Construction business contributed EUR 350 million to the Group's profit, up 28.3% on the previous year. Operating margins have varied slightly due to the change in the business mix, with a greater weight in construction management activities in North America carried out by Turner and certain non-business cyclical impacts, such as the exclusion of Ventia from the scope of consolidation.
- Abertis consolidated the growth trend in traffic, which exceeded pre-pandemic levels in virtually all countries in which it operates, with an annual increase in average daily traffic of 8.2%. In comparison with 2021, Abertis' contribution to the Group's net profit was EUR 143 million, which is an increase of EUR 26 million on the previous year. Iridium contributed EUR 51 million in net profit, with a greater contribution from recent concession projects that entered into operation.
- The Services business grew by 10.7%, with EUR 1,819 million in sales, and maintained operating margins at pre-pandemic levels. Net profit stood at EUR 27 million, down 6.4% on the previous year due to an increase in the effective tax rate as a result of the tax credits not being used during the year; where profit before tax grew by 5%.

KEY OPERATING FIGURES*

EURO MILLION	2021	2022	Var.
SALES	27,837	33,615	+20.8%
EBITDA	1,598	1,747	+9.4%
EBIT	1,084	1,106	+2.0%
NET PROFIT	403	668	+66.0%

*Presented according to ACS management criteria. Net profit for the comparable period amounts to 403 million euros and does not take into account the capital gain on the sale of Industrial Services in 2021, the results of Industrial Services and other non-recurring impacts. Considering these impacts, net profit in 2021 amounted to 3,045 million euros.

The ACS Group had a net cash position of EUR 224 million at the end of 2022. The Group's solid financial position is based on the strong operating cash flow generated that exceeds EUR 1,300 million. This cash was allocated to:

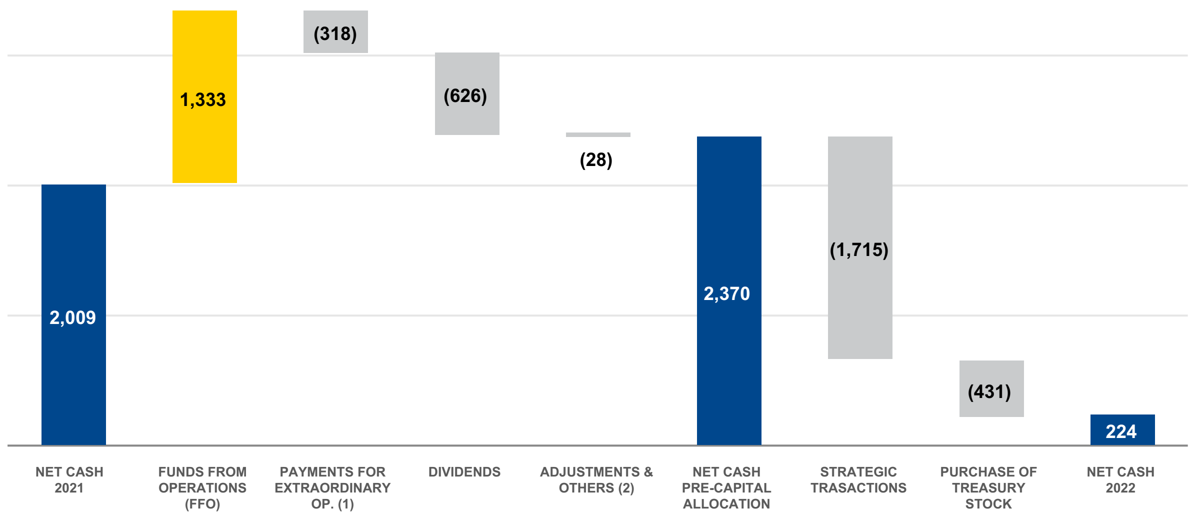
- Certain one-off payments related to litigation involving previous projects, amounting to EUR 318 million, mostly with regard to a CCGP plant in Australia and the Alto Maipó hydroelectric plant power plant in Chile by HOCHTIEF and Seattle in Dragados.
- And the payment of dividends to ACS shareholders in the amount of EUR 531 million and EUR 95 million to the Group's minority shareholders.

Therefore, the Group's financial position before strategic investments and the purchase of treasury shares resulted in net cash of EUR 2,370 million. Specifically, EUR 1,715 million were allocated to strategic investments during the year, thus continuing the Group's strategy of simplification.

In 2022, the Group also acquired treasury shares, in addition to those required to pay the flexible dividend, amounting to EUR 431 million, thus increasing the total remuneration to shareholders.

FINANCIAL POSITION EVOLUTION 2022

MILLION EUROS

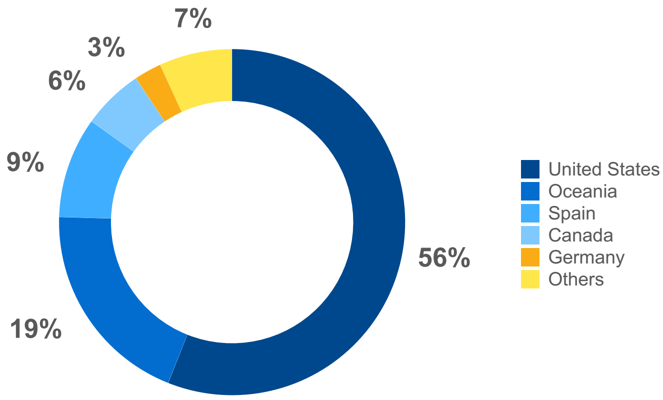


(1) Includes payments for Ichtys, Alto Maipó & Seattle

(2) Adjustments for perimeter changes, exchange rate impact and divestment of energy assets

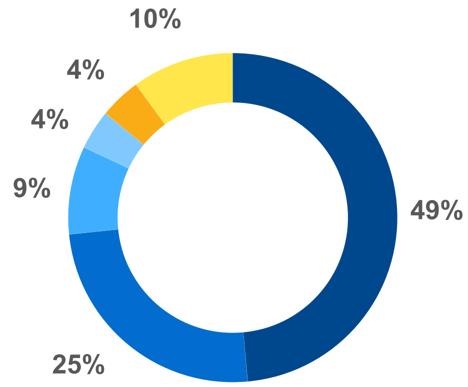
SALES BREAKDOWN BY KEY COUNTRIES

MILLION EUROS



BACKLOG BREAKDOWN BY KEY COUNTRIES

MILLION EUROS



2. Good growth prospects in strategic sectors and markets together with a robust and diversified project backlog

The current project backlog, which is at record highs in terms of both volume and diversification, amounts to EUR 68,996 million, up 8.3% compared to the previous year (+5.4% when adjusted for the exchange rate).

Order intake activity returned to normal this year, reaching EUR 39,104 million, up 7.2% on the previous year, with more than 11,800 million contracts during the last quarter.

The ACS Group's current geographic diversification allows it to mitigate the adversities of the macroeconomic environment and the cyclical nature of construction activity in small markets, thus taking advantage of growth opportunities in more favourable environments and consolidating its presence in countries with greater potential for stable growth.

Nearly 70% of the Construction backlog, which reached EUR 66,084 million at the end of 2022, corresponds to contracts with a low risk profile, including construction management activities, partnerships and other types of collaboration strengthening relationships with the Group's customers.

About 97% of the backlog comes from developed economies showing strength with positive performance in key markets, thanks to the entry of projects with a lower risk profile and the increase in new generation infrastructure projects, such as data centres or battery factories.

3. Progress on strategic objectives in 2022

a. Strengthening concession activities

In August 2022, Iridium reached an agreement to purchase 44.65% of the US company Blueridge Transportation Group (BTG), which is the concession operator of a segment of the SH 288 highway. In October, the company then purchased an additional 12.1% from one of the two remaining shareholders of the concession operator. Following these acquisitions, the ACS Group's shareholding in this concession operator rose from the 21.65% that it already held to 78%. Both transactions closed on 17 January 2023 for EUR 1,064 million after having obtained the required administrative permits.

The SH 288 highway is located in Harris County in Houston, Texas, and includes four new managed toll lanes running 10.3 miles (17 km) along the median of the entire road.

This is a managed lanes highway concession that was awarded in 2015 for a period of 52 years, which opened to traffic in November 2020 and has been successfully operating ever since.

This strategic decision reinforces the ACS Group's commitment to promoting investment in the development and operation of infrastructure concession assets.

b. Simplification of the corporate structure

The ACS Group allocated EUR 1,715 million to strategic investments, which can be summarised as follows:

- The takeover bid for 21.4% of CIMIC launched by HOCHTIEF in February 2022, which entailed a payment of EUR 924 million. In May 2022, after reaching a 96% shareholding, the shares of CIMIC were delisted from the Sydney Stock Exchange, and a squeeze-out was initiated until the shareholding reached 100% on 10 June 2022.

- The acquisition of an additional 15.1% interest in HOCHTIEF by ACS for EUR 604 million.

- Other investments amounting to EUR 187 million, mainly in Australia with the purchase of MACA and in the United Kingdom with acquisitions of service companies by Clece.

RELEVANT EVENTS OF 2022

JAN

TRANSFERS AND ACQUISITIONS OF SHAREHOLDINGS

Execution of the sale through the subsidiary Iridium, S.L. of 80% of its interest in the concession operator of the Toledo Hospital and of 100% of the operator of this hospital to BSIP Spain HoldCo, S.L., a company managed by Brookfield, for a price of EUR 58 million.

OTHER

Reduction of share capital by EUR 5,000,000 through the redemption of 10,000,000 treasury shares of the Company under a resolution passed by the ACS Board of Directors.

FEB

DIVIDENDS

Payment of an interim dividend at EUR 0.468 per share.

TRANSFERS AND ACQUISITIONS OF SHAREHOLDINGS

Notification by HOCHTIEF, as the majority shareholder of CIMIC with a 78.58% interest, of an off-market takeover bid, which would be unconditional and final, to acquire the remaining shares of CIMIC for AUD 22 per share. On 6 May 2022, CIMIC's shares were suspended from trading on the Australian stock exchange after HOCHTIEF reached a 96% shareholding in the company and a squeeze-out was initiated. Following this process, on 10 June HOCHTIEF reached a 100% shareholding in CIMIC, which was then fully included in the Group.

MAR

CORPORATE GOVERNANCE

Agustín Batuecas Torrego and Joan David Grimá Terré tendered their resignation.

LOANS, CREDIT FACILITIES AND OTHER FINANCIAL TRANSACTIONS

Agreement to extend the forward contract involving a total of 11,970,088 treasury shares, to be settled exclusively in cash by differences between 7 March 2023 and 2 August 2023 at a rate of 115,095 shares per session.

APR

LOANS, CREDIT FACILITIES AND OTHER FINANCIAL TRANSACTIONS

Renewal of the multi-currency Euro Commercial Paper (ECP) programme for a maximum total of EUR 750 million, to be listed on the Dublin Stock Exchange (Ireland).

MAY

CORPORATE GOVERNANCE

Holding of the General Shareholders Meeting.

Appointment of the Group's new Chief Executive Officer (CEO), Juan Santamaría Cases, and the new Independent Director, María José García Beato

OTHER

Reduction of share capital by EUR 3,000,000 through the redemption of 6,000,000 treasury shares of the Company under a resolution passed by the ACS Board of Directors.

JUN

OTHER

Increase in share capital by EUR 18,085,358, to EUR 198,940,928, through the issue of 7,064,593 shares against a cash contribution in accordance with a resolution passed by the Board of Directors of HOCHTIEF Aktiengesellschaft. Following an accelerated book building process, the Board decided to set the subscription price at EUR 57.5. ACS, Actividades de Construcción y Servicios, S.A. was allocated 85% of the total number of new shares.

JUL

DIVIDENDS

Payment of the final dividend with a charge to profit for 2021, amounting to EUR 1.48 per share.

TRANSFERS AND ACQUISITIONS OF SHAREHOLDINGS

Resolution passed by Thiess to make an offer to the shareholders of MACA Limited, a mining company in Australia, to acquire all of the issued shares through a conditional off-market takeover bid. Thiess offered MACA shareholders a consideration in cash of AUD 1.025 per share. The transaction was completed in October.

LOANS, CREDIT FACILITIES AND OTHER FINANCIAL TRANSACTIONS

Replacement of the forward contract involving a total of 12 million treasury shares, to be settled exclusively in cash by differences between 9 October 2023 and 5 March 2024 at a rate of 115,385 shares per session.

AUG

DIVIDENDS

Payment of an interim dividend in cash at EUR 0.05 per share.

TRANSFERS AND ACQUISITIONS OF SHAREHOLDINGS

Resolution passed by Iridium, the ACS Group's concession operator, through its North American subsidiary ACS Infrastructure Development, Inc. to purchase 44.65% of the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH 288 highway in Houston, Texas, which includes two toll lanes in each direction in the median. Following this acquisition, a resolution was passed on 24 October to purchase an additional 12.11% of the company. The purchase of the 56.76% interest took effect on 17 January 2023, increasing the ACS Group's shareholding in this concession operator from 21.65% to 78.38%. The total acquisition price amounted to EUR 1,063.62 million.

SEP

TRANSFERS AND ACQUISITIONS OF SHAREHOLDINGS

Purchase of shares representing a 14.46% interest in the share capital of the German listed company Hochtief A.G., increasing the ACS Group's shareholding in the company to 68.01% without discounting treasury shares and 70.29% when treasury shares are discounted. The purchase price was EUR 51.43 per share, which meant a total payment of EUR 577.8 million.

NOV

LOANS, CREDIT FACILITIES AND OTHER FINANCIAL TRANSACTIONS

Acquisition through the subsidiary Dragados, S.A., as a successor due to the merger by absorption of ACS, Servicios, Comunicaciones y Energía, S.A., of the green bonds issued at the time by ACS, Services, Communications and Energy, S.A. for a total of EUR 750,000,000, with a coupon of 1.875% and maturing in April 2026. The purchase was closed for a nominal amount of EUR 162,300,000, which, together with the interest accrued at a rate of EUR 1,150.68 per bond of EUR 100,000, will be settled on 30 November 2022.

OTHER

Reduction of share capital by EUR 2,250,000 through the redemption of 4,500,000 treasury shares of the Company under a resolution passed by the ACS Board of Directors.

SUBSEQUENT EVENTS

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the first capital reduction through the retirement of treasury shares, which was approved at the same General Meeting, for a maximum amount equal to the amount by which the share capital was actually increased as a result of the first capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the first capital increase charged to reserves agreed at the Annual General Meeting held on 6 May 2022 (through which an optional dividend in shares or cash is structured) was set at 4,899,389 shares on 17 January 2023.

ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase from its shareholders the bonus issue rights corresponding to this first capital increase at a price that was set at a fixed gross amount of EUR 0.48 for each right.

After the negotiation period for the bonus issue rights corresponding to the first bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 43.29% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2023 the following events took place:

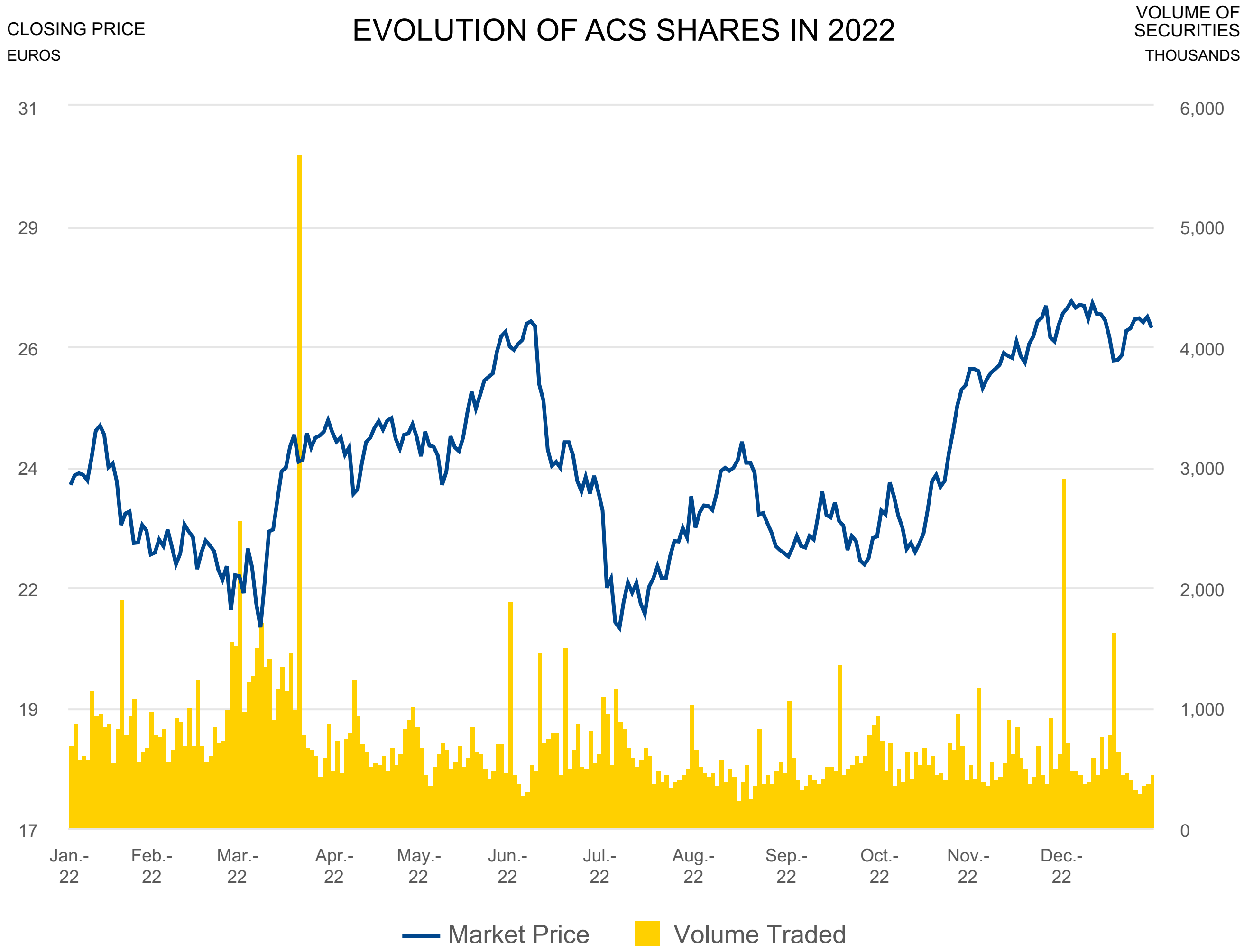
- The dividend was determined to be a total gross amount of EUR 59,041,206.72 (EUR 0.48 per share) and was paid on 7 February 2023.
- The number of final shares subject to the capital increase was 2,331,835 for a nominal amount of EUR 1,165,917.50, which were redeemed simultaneously for the same amount.

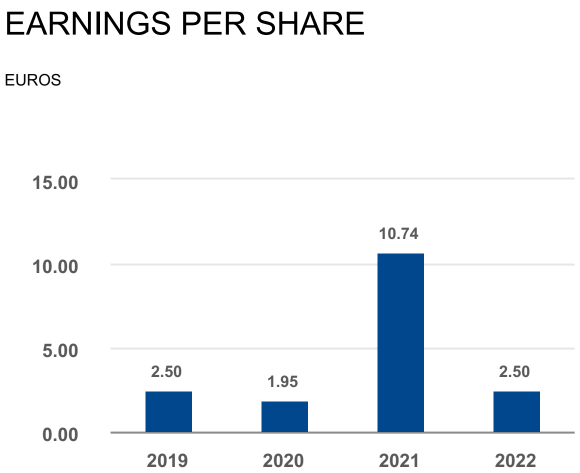
On 17 January 2023, Iridium Infraestructuras, through its North American subsidiary ACS Infrastructure Development, Inc., and after the conditions precedent to take control of the company were met in December 2022, purchased a 56.76% shareholding to reach a total interest of 78.38% in the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH 288 highway in Houston, Texas (United States), which includes two toll lanes in each direction in the median. The acquisition cost amounted to EUR 1,063.62 million.

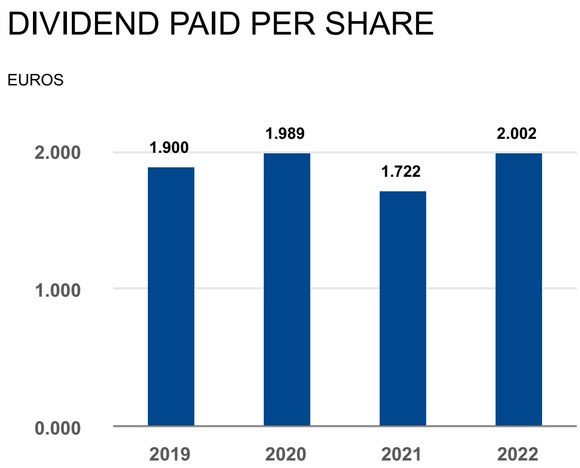
On 20 February 2023, ACS, Actividades de Construcción y Servicios, S.A. reached an agreement to extend the forward contract involving a total of 11,968,007 treasury shares, to be settled exclusively in cash by differences between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session.

For more information: Relevant events on the corporate website

2.2.6. CAPITAL MARKETS





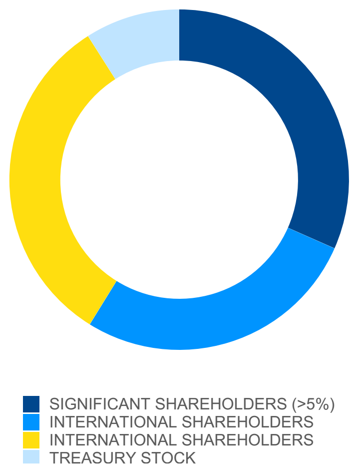


ACS SHARE DATA

	2019 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec
Closing Price at the end of the period (€)	35.65	27.15	23.57	26.77
Revaluation of the period	5.38%	-23.84%	-13.19%	13.58%
Revaluation of the IBEX during the period	11.82%	-15.45%	7.93%	-5.56%
Revaluation of the period vs. IBEX	-5.76%	-24.01%	-19.56%	20.27%
Period Maximum	40.93	35.19	29.25	27.30
Maximum date of the period	21-Sep	30-Apr	2-Jan	2-Dec
Period Minimum	32.79	11.45	20.81	20.79
Minimum date of the period	6-Mar	15-Aug	19-Mar	6-Jul
Average of the period	36.51	22.78	24.40	23.88
Total volume of traded securities (thousands)	171,395	331,267	254,919	183,788
Total capital turnover	54.47%	106.63%	83.67%	64.68%
Average daily volume of traded securities (thousands)	672.14	1,274.10	995.78	715.13
Average daily capital turnover	0.21%	0.41%	0.33%	0.25%
Total cash traded (€ million)	6,258	7,548	4,288	4,389
Average daily cash traded (€ million)	24.54	29.37	16.75	17.08
Market capitalization end of period (€ million)	11,218	8,435	7,181	7,607
Number of shares (million)	314.66	310.66	304.66	284.16

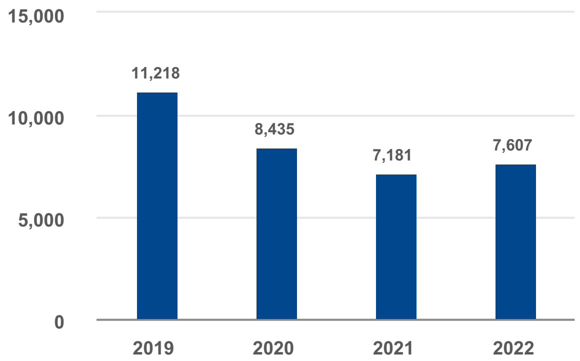
SHAREHOLDER STRUCTURE

Shareholder name or company name	Percentage over the total number of shares
SIGNIFICANT SHAREHOLDERS (>5%)	31.62%
Mr. Florentino Pérez	13.86%
Mr. Alberto Cortina/ Mr. Alberto Alcocer	5.25%
Blackrock	6.06%
Société Générale	6.44%
INTERNATIONAL SHAREHOLDERS	27.23%
INTERNATIONAL SHAREHOLDERS	32.15%
TREASURY STOCK	9.01%

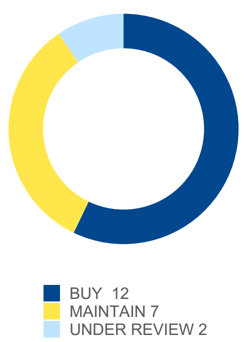


MARKET CAP (€ MN)

EURO MILLION



FYNANCIAL ANALYSTS RECOMMENDATIONS



BLOOMBERG TARGET PRICE AT 31-DEC-2022

€29.25

EUROS/SHARE

2.3. EFFICIENT RISK MANAGEMENT

DUAL SYSTEM FOR RISK MONITORING AND CONTROL

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

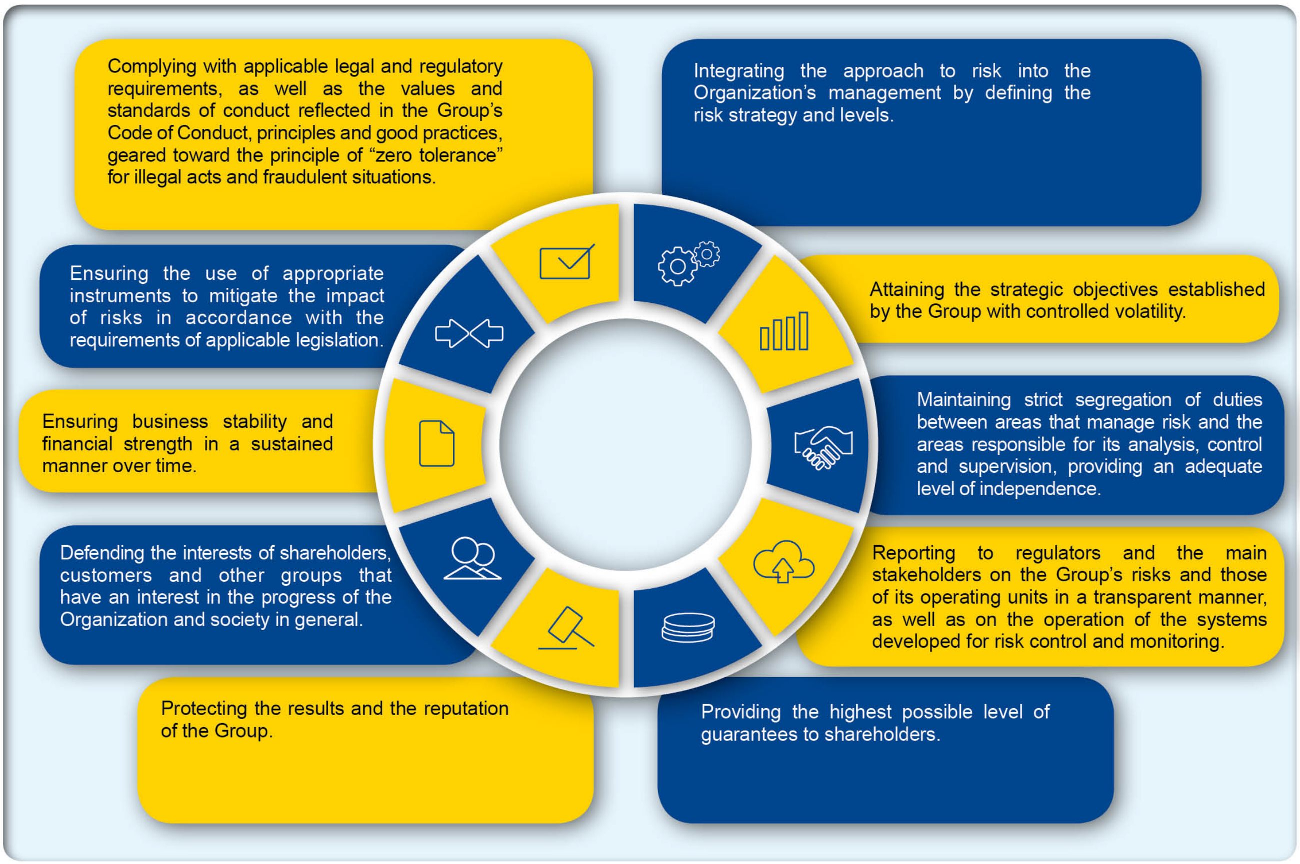
In relation to risk management and internal control systems, in December 2020 the ACS Group resolved to update its General Risk Control and Management Policy and its Comprehensive Risk Control and Management System.

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

The ACS Group bases this system on a range of strategic and operational actions to mitigate these risks and fulfil the objectives set by the Board of Directors. The Corporate Unit is responsible for defining basic guidelines to standardise operating criteria across each division to ensure an adequate level of internal control. The companies and divisions that form part of the Group are responsible for developing the necessary and appropriate internal regulations so that, depending on the particular characteristics of their activity, they implement internal control that ensures an optimum level of control.

To respond to the need for comprehensive and uniform risk management, the Corporate Unit has established a model that includes the identification, measurement, prioritisation, management and control of risks throughout the Group and its divisions. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group's areas of activity. The last update of this risk map was approved last December 2022.

The ACS Group's geographical and business diversification, together with its highly decentralised operations and the autonomous management that characterises the ACS Group companies, makes it necessary for it to have a dual system for risk control and supervision. In addition to this corporate framework for Risk Control and Management, each business unit or company may develop their own framework, consistent with the Group's guidelines and following mechanisms and principles for:



The General Risk Control and Management Policy and its basic principles are implemented through a Comprehensive Risk Control and Management System supported by all the components of the governance model, and through procedures, methodologies and support tools in line with the different stages and activities of the system:

COMPREHENSIVE RISK CONTROL AND MANAGEMENT SYSTEM

Risk identification:
At least once a year, the risk taxonomy is updated to confirm those that remain significant, eliminate those that no longer apply, and incorporate new emerging ones.

Risk assessment criteria:
The method used to determine how the identified risks are assessed categorizes them into different groups depending on their impact and likelihood.

Level of risk that the Group considers acceptable:
This system is aimed at achieving a moderate risk profile through prudent management, a group business model dedicated to diverse activities with a universal vocation, diversified by geographical areas, asset types, portfolios and customers, with a strong international presence, both in emerging markets and developed countries, while maintaining a medium/low risk profile in each of them and seeking sustainable growth over time.

Responses to risk:
After assessing any significant risks, the best response to them is defined (mitigate, share/transfer, avoid or accept), depending on the activity and characteristics of each risk.

Internal control and reporting system:
The systems provide the information required to monitor the risk exposures in each business area and for their estimation, as well as the creation of the corresponding management information for decision-making by monitoring the appropriate indicators. In this regard, all employees bear in mind that the information provided on Risk Control and Management must meet the following requirements:

- It is complete, ensuring that all relevant information is transmitted for proper risk control and management.
- It is correct and truthful, ensuring that the information transmitted does not contain errors.
- It creates value by encouraging the development of a culture of risk control and management.
- It is transmitted in an equitable and symmetric manner, meaning that all the recipients of the respective information receive the same information in the same time horizon.
- It is transmitted in a timely manner; that is, as soon as it is known and is relevant for proper risk control and management.

GOVERNANCE OF THE RISK FUNCTION

BOARD OF DIRECTORS

Establishes and approves the General Risk Control and Management Policy.

Sets the level of acceptable risk at all times.

Supervises the Comprehensive Risk Control and Management System.

AUDIT COMMITTEE

- Ensures that the different types of risks to which the Group is exposed are adequately identified and assessed, and that the level of risk considered acceptable is defined and set.
- Reviews the measures established to mitigate the impact of the risks, compliance with regulatory requirements, adequate definition of the consolidation scope and proper application of accounting criteria.
- Monitors the effectiveness of the risk management systems and directly oversees the internal risk control and management duties carried out by the responsible areas within the Group.

COMPLIANCE COMMITTEE

Develops, implements and monitors the functioning and operational effectiveness of the Global Compliance Management System, which covers all risks of a Non-financial and corporate, criminal and anti-bribery compliance nature

EXECUTIVE COMMITTEE

Defines the basic guidelines and framework for action.

Establishes management, monitoring and reporting mechanisms.

CORPORATE INTERNAL AUDIT

Oversees and evaluates the Group's Comprehensive Risk Control and Management System.

Reports system alerts, recommendations and conclusions.

ACS GROUP LISTED COMPANIES

They develop internal regulations in accordance with the specific nature of their activity and implement appropriate internal controls.

They manage the information systems that enable the preparation of the risk map, supervision and assessment of the risk exposures of each business area.

They prepare management reports for decision-making by monitoring the appropriate indicators.

CORPORATE GENERAL MANAGEMENT

Prepares the ACS Group's framework for action in order to standardize the identification, classification, evaluation, management and tracking of the risks of the different divisions and businesses.

The ACS Group's Risk Management System identifies, evaluates and updates the various risk scenarios in accordance with the categories of financial and non-financial risk to which the Group is exposed (including contingent liabilities and other off-balance sheet risks). The ACS Group's Risk Map, which is updated on a regular basis, includes the identification, assessment and classification of risks at Group level. The risks defined are classified as follows:

STRATEGIC

Risks associated with key long-term objectives of the businesses and the ACS Group. They may arise from the actions of other key market participants (competitors, regulators, investors or others), from changes in the competitive setting or from the business model itself. These risks include, among others, geopolitical risk, the risk of an inadequate investment/disinvestment strategy or the loss of market competitiveness.

SOCIAL

Risks linked to the social rights of employees and individuals related to the businesses or the ACS Group. These risks include, among others, ineffective communication and lack of support for employees by management, failure to comply with policies to ensure work-life balance for employees or failure to comply with policies and workers' rights; this also includes the risks associated with the impact of the Group and the businesses on society and the environment in which they operate.

OPERATIONAL

Risks associated with the normal operations and business carried out, including all risks related to operating procedures. These risks include, among others, the risk involved in contracting (the risk of a lack of planning of work and projects, or occupational, health and safety risks of employees).

ENVIRONMENTAL

Risks linked to potential environmental impacts that could entail indemnity payments and compensation or the shutdown of work, services or projects in progress; they also include matters related to climate change, such as greenhouse gas emissions or low efficiency in the use of productive resources, among other risks.

TECHNOLOGICAL

Risks associated with the technologies and systems used by the businesses and the ACS Group that do not efficiently and effectively support present and future needs or that do not function as planned. These risks include, among others, information security and cyber-attacks, risk of technology obsolescence or risks arising from inefficiencies in system integrity.

REPUTATIONAL

Risks arising from the loss of reputation of the ACS Group as a result of behaviour by the Company that is not up to the expectations set by the various stakeholders. These risks include, among others, inappropriate communication and behaviour by staff, inadequate customer service management or error in the selection of business partners that causes harm to the Group's reputation.

LEGAL

Risks arising from non-compliance or a lack of contractual or regulatory oversight and monitoring. These risks include, among others, a lack of supervision of contractual conditions in terms of technical specifications, plans, financial information and deadlines for work, services and projects, or failure to comply with specific regulations applicable to the business.

FINANCIAL

Risks related to the economic and financial management of the businesses and the ACS Group, and the financial reporting processes. These risks include, among others, liquidity, interest rate or foreign currency risk.

Lastly, it should be noted that, in accordance with the risk management methodology, the rating in the risk map takes into consideration the priority aspects from a Group management perspective (and, therefore, should not be understood as a list of weaknesses or threats that are not adequately covered).

Financial risks:
4.8 Financial risks and uncertainties

Non-financial risks:
5.Consolidated Non-Financial Information Statement

3. ACS GROUP ACTIVITIES

3.1. CONSTRUCTION

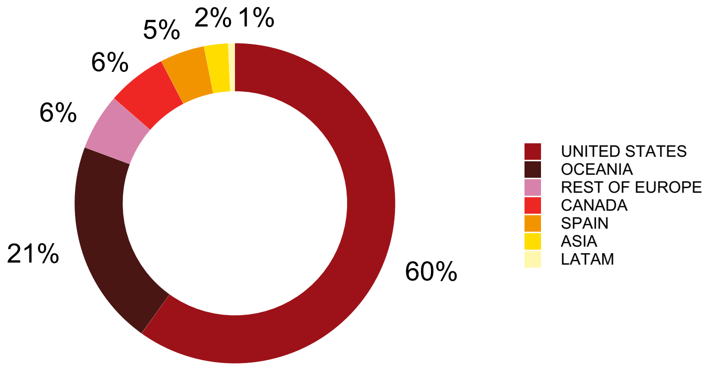
A BENCHMARK IN THE INDUSTRY

The ACS Group's Construction area performs its activities in carrying out all manner of infrastructure projects, both in civil engineering projects (bridges, roads, railways, hydroelectric infrastructure, etc.) and building projects (hospitals, commercial buildings, industrial facilities, social and leisure buildings, etc.); it also provides services for the development and maintenance of infrastructure necessary for society (energy, transport, communications and technology, natural resources and water treatment).

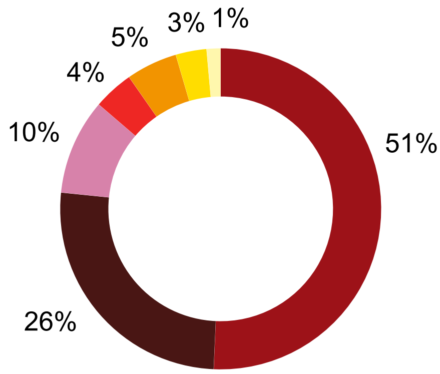
The Construction area has a unique leadership position in the sector in developed markets, along with a decentralised, flexible and dynamic business model that allows it to adapt quickly to different market conditions. All Group companies that engage in construction activities have extensive experience in engineering and project management in selected and attractive markets located mainly in North America, Australia and Europe, where they have a strong and established local presence.

Growth prospects are favourable, not only based on the existing project backlog and public sector infrastructure investment plans of the world's main powers, but also because of the business approach in the sector's transition to new generation infrastructure, linked to the energy transition and the advancement of new technologies. Specifically, the opportunities identified focus on developing clean energy infrastructure and manufacturing energy storage, data centres, smart buildings, sustainable transport and mobility, and on increasing demand for infrastructure related to the manufacturing, healthcare and pharmaceutical industry.

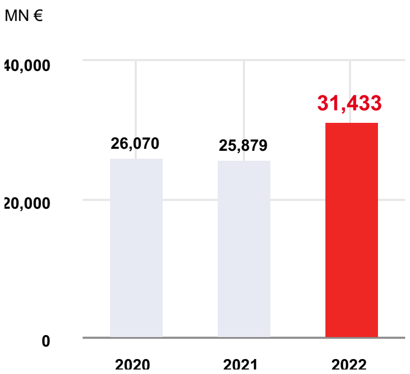
SALES PER GEOGRAPHICAL AREA



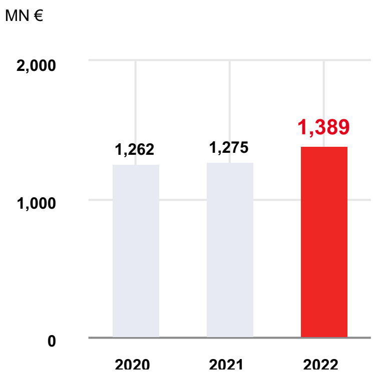
BACKLOG PER GEOGRAPHICAL AREA



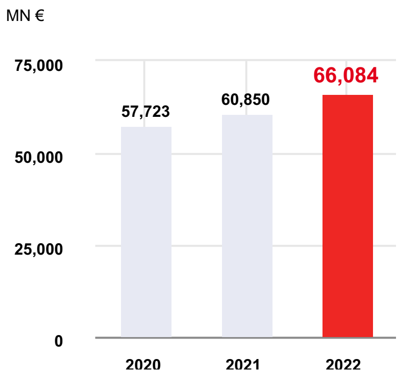
SALES(1)



EBITDA(1)



BACKLOG(2)



(1) Group sales and EBITDA in 2020 are restated by accounting for 50% of Thiess by the equity method to make it comparable.
(2) The backlog in 2021 does not include Ventia in Asia Pacific following the change from consolidation by the equity method to financial investment.

88.6%
EMPLOYEES COVERED BY ISO 45001

1,748,250
ENERGY CONSUMPTION (MWH)

4,375,754
TOTAL EMISSIONS (TONS OF CO2)

95.0%
LOCAL EMPLOYEES

79.0%
LOCAL SUPPLIERS

5.8
INVT. IN SOCIAL ACTION (€ MILLION)

47,400
EMPLOYEES

12,935
TURNOVER IN PROJECTS WITH SUSTAINABLE CERTIFICATION (MN EUROS)

41.2%
SALES WITH SUSTAINABLE CERTIFICATION

CONSTRUCTION

	DRAGADOS	HOCHTIEF
EUROPE	DRAGADOS 100% DRACE GEOCISA 100% VIAS 100% DRAGADOS UK 100% Técnicas e Imagen Corporativa 100% POL-AQUA 100% TECSA 100% ELECTREN 100% R&C Roura & Cevasa	HOCHTIEF SOLUTIONS AG HOCHTIEF INFRASTRUCTURE 100% HOCHTIEF ENGINEERING 100% HOCHTIEF PPP SOLUTIONS 100%
AMERICA	DRAGADOS USA 100% DRAGADOS CANADA 100% DYCASA 66% SCHIAVONE 100% JPP 100% PRINCE 100% PULICE 100% J.F. WHITE CONTRACTING CO. 100%	Turner 100% CLARK BUILDERS (Turner 51%, Flatiron 40%) FLATIRON 100% E.E. CRUZ CO. INC. CONTRACTORS / ENGINEERS 60%

HOCHTIEF

ASIA PACIFIC

100% CIMIC

CONSTRUCTION		MINING PROC.	SERVICES	CONCESSIONS	ENGINEERING	OTHER INVESTMENTS	
CPB CONTRACTORS	LEIGHTON	SEDGMAN	UGL	PACIFIC partnerships	EIC ACTIVITIES	THIESS	ventia
100%	100%	100%	100%	100%	100%	50%	32.8%

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

AMERICA

Activity in this region is concentrated in the US and Canadian markets where the ACS Group operates through its subsidiaries Turner, Flatiron, Dragados USA and other subsidiaries.

Turner is a leading construction management company in the US for all types of social infrastructure. Its main focus is currently business segments related to healthcare, data centres, commercial and office buildings, airports and education. Turner has also been ranked the number one general construction company in the US by Engineering News-Record (ENR) for yet another year, thanks to its technical expertise, industry experience and innovative approaches, such as the use of Building Information Modelling (BIM). These factors, together with the optimisation of its construction methods, contribute to the development of more efficient and high-quality structures.

Dragados USA and Flatiron are among the leading civil engineering contractors in North America, and focus on transport infrastructure projects (bridges, roads, railways, airports) and other projects such as water storage and treatment facilities.

Sales in the US and Canada showed a solid recovery in business activity after the slowdown as a result of the pandemic reaching EUR 20,716 million in 2022, and the backlog grew by 9.7% to EUR 36,187 million.

Likewise, the growing demand for new generation infrastructure linked to new technologies and the energy transition have led to an increase in activity in the manufacturing segment for the electric vehicle battery market. The main contracts awarded for this type of new generation infrastructure include the following:

- An electric vehicle battery plant for Honda and LG Energy in Ohio. Annual production capacity will be around 40 GWh by the end of 2025.
- Another sustainable battery recycling facility for Ascend Elements in Kentucky.
- Several data centre projects awarded to Turner in Virginia, Ohio, Missouri, Texas and Nebraska with projects managed by a team of around 1,000 specialists.

MAIN PROJECTS AWARDED

		AMOUNT MILLION EUROS
1	**Turner** Construction of an EV Battery Plant for Honda and LG Energy Solution in Fayette County, Ohio (United States)	n.a.*
2	**Turner** Construction of a sustainable recycled battery facility for Ascend Elements in Hopkinsville, Kentucky (United States)	n.a.*
3	**Dragados USA** Construction of a 16.2-mile light rail transit line that extends from Bethesda to New Carrollton, in Maryland (United States)	1,303
4	**Pulice** Widening and improvement of the IH35 freeway in Travis County, Texas (United States)	663
5	**Cimic** Engineering, procurement and construction (EPC) contract to deliver services for Artemis Gold at the Blackwater Gold project in British Columbia (Canada)	358
6	**Picone** Installation of a combination of flood walls and deployable flip-up barriers to protect the neighborhood and reduce flooding risk from Brooklyn bridge to Montgomery Street in NYC (United States)	338
7	**Flatiron** Contract for the Orinda Water Treatment Plant Disinfection and Chemical Systems Safety Improvements Project in Orinda, California (United States)	267
8	**Pulice** Construction of a 12.2 mile tolled facility in Hidalgo County, Texas (United States)	251
9	**Flatiron** Widening to eight lanes of a section of I-95 and replacement of bridges, overpasses and interchanges in Robeson County, North Carolina (United States)	247

*Amounts subject to confidentiality

ASIA PACIFIC

Construction activities in Asia Pacific are carried out by CIMIC, a leader in construction engineering, mining services, infrastructure services and public-private partnership agreements. The Australian market accounts for 87% of the region's activity.

The main companies through which CIMIC operates are:

- CPB Contractors and Leighton Asia, which focus on construction. CPB Contractors is one of Australia's largest civil engineering and construction contractors and Leighton Asia provides comprehensive construction services mainly in Hong Kong and other selected countries in South East Asia.
- UGL carries out activities related to infrastructure maintenance, providing the market with comprehensive solutions for the entire life cycle of critical assets in the energy, water, resources, transport and social infrastructure sectors, with a growing presence in the rapidly expanding energy transition market.
- Thiess and Sedgman, which engage in activities in the natural resources sector. Thiess provides mining services and pursues a strategy of diversifying its operations in terms of raw materials and services, and by geographical area, given MACA's strong presence in Western Australia (a company acquired by Thiess in 2022). Sedgman develops customised solutions for the design, construction and operation of state-of-the-art mineral processing plants and associated mining infrastructure.
- Pacific Partnerships encompasses the company's concession area and PPPs, and continues to actively promote the company's presence in the renewable energy and energy transition sector.

The Group has continued its trend of growth in the Asia Pacific region thanks to the dynamic activity of the Australian market. Along this same line, the backlog rose to EUR 19,185 million, an increase of more than 8%.

The future outlook is attractive for CIMIC, which is supported by the numerous recovery plans announced by governments in its main construction and services markets, with additional opportunities through a strong portfolio of public-private partnership (PPP) projects.

MAIN PROJECTS AWARDED

	Project	AMOUNT (MILLION EUROS)
1	**Cimic** New contract to provide mining, rehabilitation and port management services in Central Kalimantan (Indonesia)	850
2	**Cimic** Provision of mining services for eight years for the Olive Downs Project in Queensland (Australia)	750
3	**Cimic** Construction of 3.5 km of subway tunnels between the future stations of The Bays and Hunter Street for the Eastern Tunnelling Package project in Sydney (Australia)	652
4	**Cimic** Contract to deliver the surface civil and alignment works for the Sydney Metro – Western Sydney Airport rail link between Orchard Hills and the new Western Sydney Airport Station (Australia)	395
5	**Cimic** Mining, maintenance and asset management services for the Iron Bridge Project in Western Australia (Australia)	350
6	**Cimic** Extension of Thiess' mining services contract for another five years at Peak Downs Mine in Queensland (Australia)	350
7	**Cimic** Development of the tunneling works for the Western Harbour Tunnel - Southern Tunneling Works of the Rozelle Interchange contract in Sydney (Australia)	350
8	**Cimic** 5-year extension of the mining operation and maintenance services contract for the Caval Ridge mine in Queensland (Australia)	300
9	**Cimic** Design, engineering, procurement and construction contracts in the renewables and utilities sectors in Queensland and South Australia (Australia)	296

EUROPE

The ACS Group's business activity in Europe focuses on carrying out civil engineering infrastructure projects (highways, railways, maritime works, hydroelectric infrastructure and airports) and both residential and non-residential building projects.

HOCHTIEF has been carrying out its business activities for 150 years and is known as one of the leading civil engineering and building contractors in Germany and several Central European countries. It is currently carrying out several projects in the rapidly expanding electric vehicle battery market.

The subsidiary HOCHTIEF PPP Solutions focuses on the development of PPP projects in Europe, which includes equity investments in the companies involved in the projects, and carrying out most of the construction work.

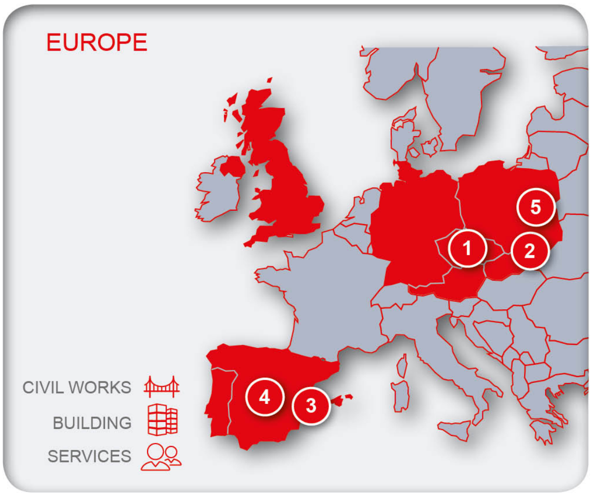
Furthermore, Dragados is the leading construction company in Spain, with a number of national subsidiaries that specialise in different areas such as Vías, Tecsa and Drace-Geocisa. Major infrastructure projects are also being carried out in other European countries, such as the United Kingdom, Ireland and Poland, where it operates through its subsidiary, Polaqua.

The European market performed well in 2022, with sales amounting to EUR 3,211 million, which is an increase of 3.2%. The backlog reached EUR 9,782 million, up 4.7% on 2021.

Thanks to the position of the ACS Group and its subsidiaries in the main regions of the European market in which it operates, the outlook for the future is positive, fuelled by the EU's infrastructure development and stimulus plans.

MAIN PROJECTS AWARDED

	Project	AMOUNT MILLION EUROS
1	**Hochtief Europe** Contract for widening the riverbed of the Svrakta River to prevent flooding in Brno (Czech Republic)	378
2	**Polaqua** Design and build of 18.2 km on the S19 highway between Dukla and Barwinek (Poland)	327
3	**Dragados- Tecsa** Extension of the access roads and remodeling of the Joaquín Sorolla station building in Valencia (Spain)	266
4	**Dragados** Expansion of line 11 of Metro de Madrid by adding 5 stations along 7 km between Plaza Elíptica and Conde de Casal, Madrid (Spain)	213
5	**Polaqua** Design and construction of 18.1 km of the S19 highway between Radzyn and Podlaski (Poland)	129



FEATURED PROJECTS

Some examples of projects awarded to the ACS Group in the last 12 months that demonstrate the implementation of the growth strategy in new generation markets are as follows:

ENERGY TRANSITION

In the United States:

– The construction by Turner — through a joint venture — of an electric vehicle battery plant for Honda and LG Energy in Ohio. Annual production capacity will be around 40 GWh by the end of 2025. The facility will produce batteries for electric vehicles as from 2026.

– The construction by Turner of a battery recycling facility amounting to USD 1,000 million in Kentucky for Ascend Elements. It is the first facility of its kind to be built and will use the customer's patented synthesis process to manufacture sustainable battery materials from recycled batteries while reducing waste and carbon emissions. Once completed, the plant will create up to 400 jobs and produce enough material annually to power more than 250,000 electric vehicles.

In Australia:

– UGL was appointed by Neoen to install high capacity electricity infrastructure and a battery energy storage system supplied by Tesla in Queensland along with a solar farm on the same site, which will allow the stored energy to be transmitted to the power grid starting in 2025.

– UGL is building a hydrogen power plant in New South Wales.

– Pacific Partnerships, a concession subsidiary in Australia, acquired the development rights to the Glenrowan Solar Farm in northern Victoria. The company will develop, invest in and manage the facility together with UGL, which will be responsible for construction, operation and maintenance. The 245-hectare solar farm will have an installed capacity of up to 130 MW and will generate enough electricity to power approximately 45,000 Australian homes.

In Europe, a contract was also awarded — through a joint venture — for the construction of a battery cell factory in Germany valued at approximately EUR 240 million.

NEW TECHNOLOGIES

The infrastructure projects related to implementing the new telecommunications awarded most notably include the following:

– Several data centre projects awarded to Turner in Virginia, Ohio, Missouri, Texas and Nebraska with projects managed by a team of around 1000 specialists.

– Leighton Asia is also very active in the data centre market and was recently awarded a contract to build a data centre campus for a multinational technology corporation, the details of which are confidential.

Overall, the Group was awarded digital infrastructure contracts amounting to more than EUR 3,000 million in 2022.

SUSTAINABLE TRANSPORT AND MOBILITY

In Australia:

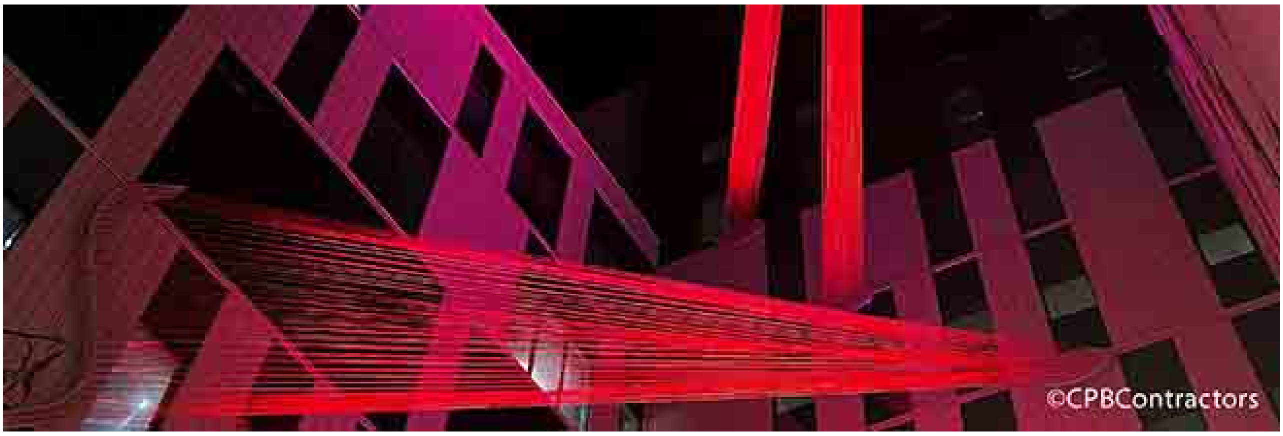
- UGL was awarded a multi-year contract, through the joint venture with U-Go Mobility, to operate the connected, sustainable and intermodal transport network in Sydney. The contract, which will commence in July 2023, will last for around seven years and will provide UGL with approximately AUD 250 million in revenue.
- UGL, CPB and Pacific Partnerships are part of the Canberra Light Rail PPP consortium that is currently upgrading Canberra's world-class light rail system with new wireless light rail vehicles and modernising the existing fleet over a period of 20 years.
- UGL is also a member of the MTM joint venture that operates Melbourne's metropolitan rail network and, at the same time, is part of a consortium that will deliver and operate the Sydney Metro Northwest.

BIOPHARMA AND HEALTH

Turner will build a pharmaceutical plant in Colorado for USD 725 million, which will produce oligonucleotides that help treat cancer and cardiovascular diseases.

The new health projects include:

- The Boston Children's Hospital that Turner is building in Massachusetts, the New Emergency Department project at the University of Rochester in New York and a Radiothermal Oncology Treatment Centre in California.
- In Australia, CPB was selected for the initial phase of contractor involvement for the redevelopment of the Royal Prince Alfred Hospital in Sydney.
- CPB has also been selected by the New South Wales government to carry out the main construction work for stage 2 of the Nepean Hospital Redevelopment project. The works package is part of the government's plan to expand and upgrade the hospital for AUD 1,000 million.

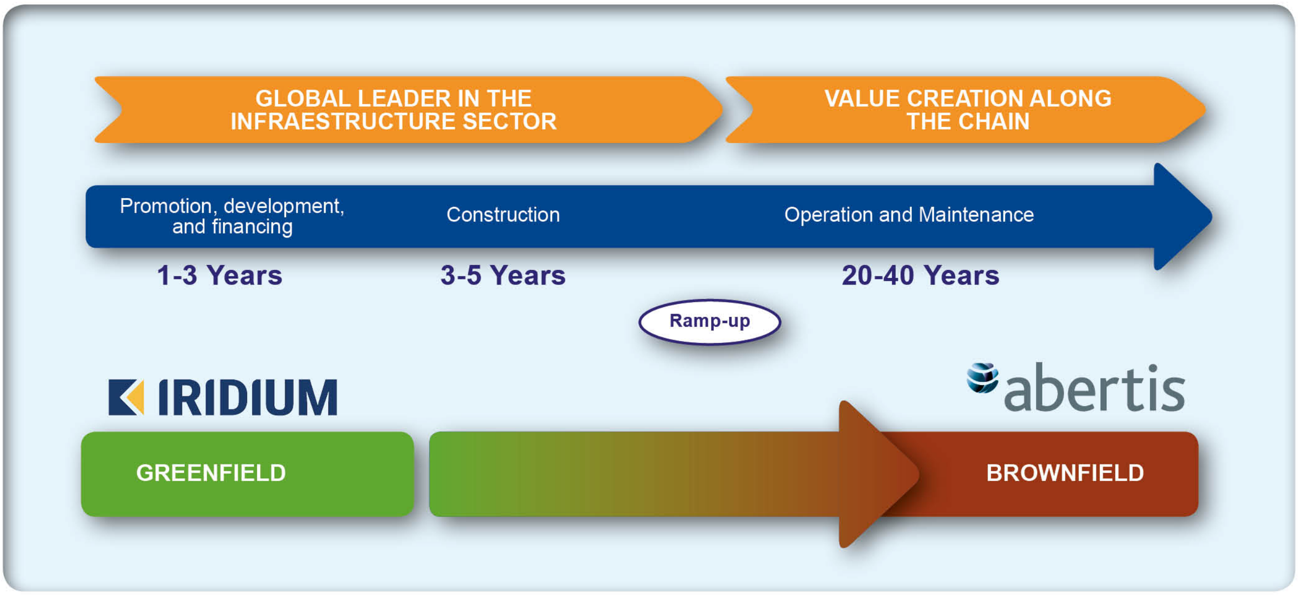


3.2. CONCESSIONS

A WORLD LEADER

The ACS Group covers the entire value chain of the Concessions business, from the promotion, development and construction of "greenfield" infrastructures, through Iridium, to the "brownfield" part carried out through Abertis, a world leader in toll road management. The ACS Group is therefore positioned as one of the world leaders in the transport concessions industry, with greater integration of the value chain and the goal of being a key player in infrastructure management.

The ACS Group continues to focus its energy on international growth by seeking out new opportunities for asset acquisitions. More than 90% of Abertis' revenue currently comes from outside Spain, with France, Brazil, Italy and Chile being particularly important, while Iridium is present in the Spanish market and has concessions in North America (the United States, where 56% of the SH 288 in Texas was acquired in 2022, and Canada), Ireland, the United Kingdom and Chile.



abertis

SALES	NET PROFIT	CONTRIBUTION TO ACS' NET PROFIT
5,102	3,536	143
MILLION EURO	MILLION EURO	MILLION EURO

For more information: www.abertis.com

Abertis is one of the leading international operators in toll road management, in which the group has a 50% holding (30% direct and 20% indirect, through HOCHTIEF).

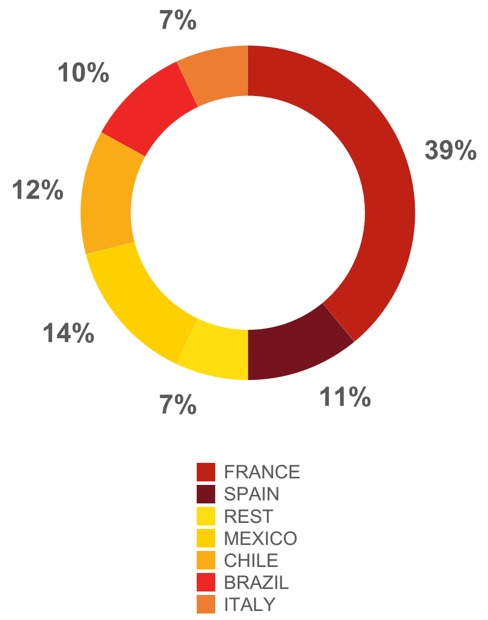
It has more than 7,700 kilometres of high-capacity, high-quality roads in 15 countries across Europe, America and Asia. Abertis is the leading national operator in countries such as Spain, Chile, Brazil and Mexico, and also has significant weight in France, Italy, the United States, Puerto Rico and Argentina.

Mobility restrictions were virtually non-existent in 2022 and, therefore, performance improved compared to the previous year due, in part, to the increase in traffic (+8.2%), which exceeded pre-pandemic levels in almost all countries in which it operates and despite the maturity of important concessions in Spain during 2021.

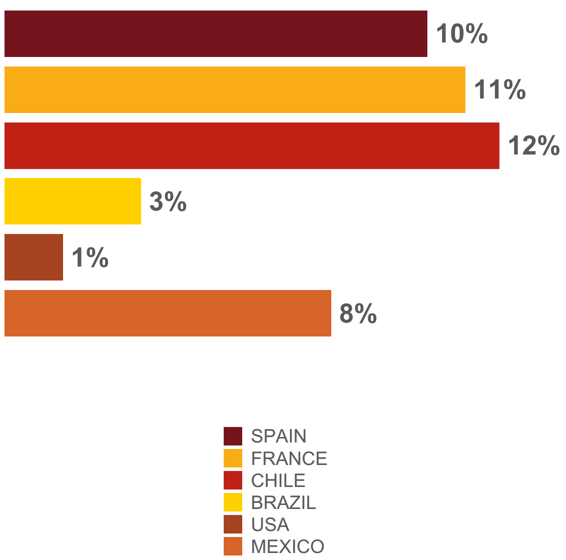
This recovery in traffic levels, and the contribution of the new concessions acquired in 2020 and 2021, increased revenue by 5.1% and EBITDA by 5.5%.

Abertis's contribution to the ACS Group's net profit in 2022 amounted to EUR 143 million, up 21.9% on 2021.

EBITDA BY COUNTRIES

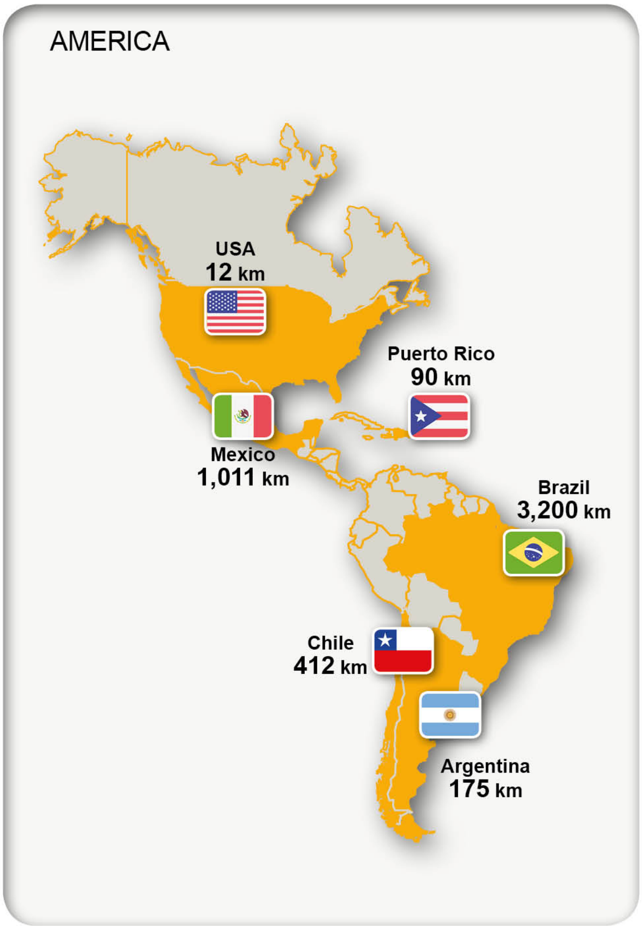


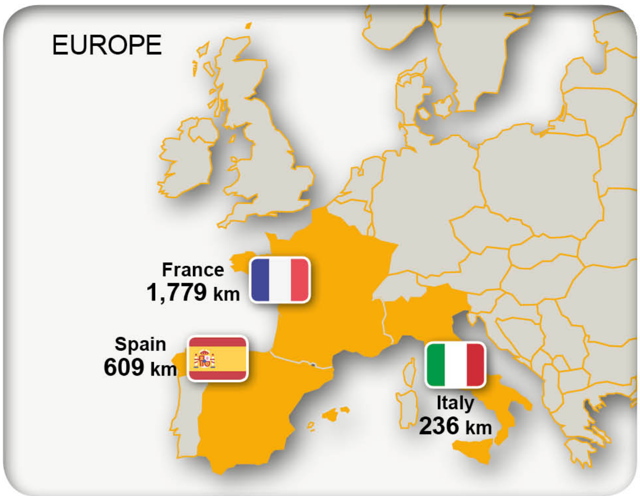
TRAFFIC EVOLUTION IN THE MAIN REGIONS



WORLD BENCHMARK IN HIGHWAY MANAGEMENT

≈ 7,700 Km Managed **15** Countries abertis





MAIN HIGHWAYS

abertis

Avasa | Aucat | Castellana | Aulesa | Autema	autopistas
Via Paulista | Intervias | Red federal	arteris
Île de France	sanef
Hampton Road Tunnels	elizabeth river crossings
Panamericana Highway | General Paz Highway	Autopistas del Sol | oeste
Los Libertadores | Central Highway | Rutas del Pacifico	víaschile
A4 "La Serenissima" | A31 "Austostrada della Valdastico"	A4holding
NH-45 Trichy-Ulundurpet | NH-44 Hyderabad-Jadcherla	isadak
PR-5 | PR-22	metropistas

IRIDIUM

SALES
96
MILLION EURO

NET PROFIT
51
MILLION EURO

For more information: Appendix 7.4.2.Iridium concessions portfolio

IRIDIUM Concesiones de Infraestructuras is the ACS Group company that continues leading international activity in the infrastructure sector, primarily transportation. Therefore, holdings in around 50 concession projects, representing an aggregate investment of more than EUR 30,000 million, are managed through IRIDIUM, primarily involving roads and highways (45% of the investment and more than 700 km), and subways and railways (49% of this investment and about 300 km of track under management), of which around 83% is operational. Geographically, around 66% of this investment is located in the United States and Canada across 16 projects (10 highways and 6 railway/ subway projects), while Europe accounts for more than 20% of this investment across 13 road and highway projects, 4 railway and subway projects, and 12 projects involving public services and facilities, hospitals, parking lots, transportation hubs, etc.

Much of the efforts and resources throughout 2022 focused on acquiring a majority interest in the SH 288 Toll Lanes project in Houston, Texas. IRIDIUM originally held a 21.62% interest in this project, which then rose to 78.38%. The sale and purchase agreements were concluded between August and October 2022. The investment by IRIDIUM in this acquisition amounted to EUR 1,064 million.

This public-private partnership project with the Texas Department of Transportation consists of 17 kilometres of new toll lanes in the median of the SH 288 highway as it passes through Harris County, Houston, Texas. The agreement, which runs until 2068, allows for the application of a dynamic toll rate that varies depending on the level of congestion. The traffic on the highway has systematically increased since opening in November 2020, and it is currently used by approximately 160,000 passengers per day, of which around 10% use the toll lanes.

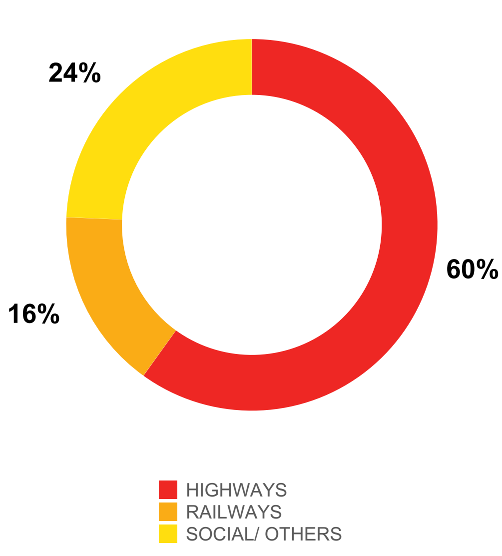
CONCESSIONS BACKLOG

CONCESSIONS
48
95% EXPLOITATION / 5% CONSTRUCTIÓN (BY COMMITTED EQUITY)

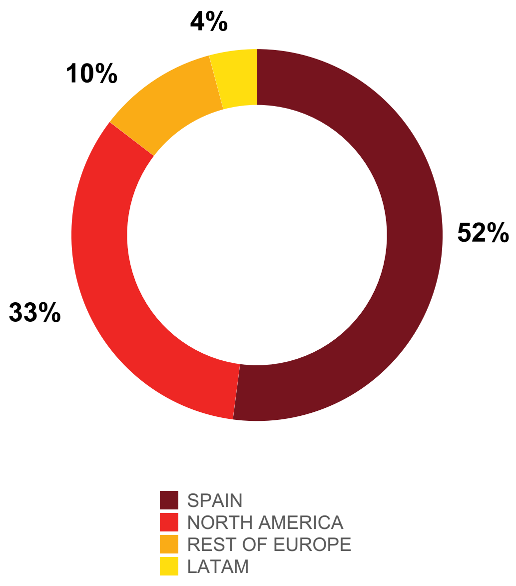
TOTAL INVESTMENT MANAGED
31,958
MILLION EURO

COMMITTED EQUITY
550*
MILLION EURO

COMMITTED EQUITY BY TYPOLOGY



COMMITTED EQUITY BY GEOGRAPHY



*Does not include the acquisition of 56% of the SH-288

SH-288 TOLL LANES

CLIENT

TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT)

PROJECT EXECUTION DATES

CONSTRUCTION: SEP. 2020

OPERATIONS: MAY. 2048

LOCATION

HOUSTON, TEXAS, USA

COMPANIES INVOLVED IN THE PROJECT

IRIDIUM (ACS INFRASTRUCTURE AND DEVELOPMENT)

DRAGADOS USA

SHIKUN BINUI

In November 2020, the new managed toll lanes were opened to traffic along 17 kilometres in the median of the SH 288 highway as it passes through Harris County in Houston, Texas, the third largest county by population size in the United States. With an investment value of more than USD 1 billion, it is one of the most important infrastructure projects undertaken in the Houston metropolitan area, the presence of which helps to alleviate congestion problems in one of its most populated areas.

The work is part of a public-private partnership (P3) agreement between the Texas Department of Transportation and the consortium led by IRIDIUM, which participates in the consortium through its subsidiary ACS Infrastructure, initially holding a 21.62% interest in the concession operator. In 2022, IRIDIUM (ACS ID) took control of the company by acquiring an additional 56.76% interest after purchasing the shareholding of Infrared, Star America, Clal and Northleaf.

The scope of this agreement includes the financing, design, construction and operation of the four new toll lanes, and the rehabilitation and improvement of the existing highway. The concession operator is responsible for the operation and maintenance of this section of the highway until 2068, including the management of the new lanes through the application of a toll rate that varies depending on the level of congestion. Tolls are collected through a free-flow electronic toll collection system and the latest technology in intelligent highway management is used to operate the lanes.

The project's traffic has been growing every month since its opening, which, together with the new contract with HCTRA for collection management, allows us to be optimistic about future revenue, reduction of uncollectible debts, tag penetration, etc. The corridor is currently used by approximately 160,000 users, of which around 10% use the SH288 toll lanes under management.

The construction work involved 210,000 m3 of new concrete pavement, 50,000 tonnes of asphalt, 85,000 m3 of structural concrete and 4,275 tonnes of steel. In addition to the four new toll lanes, the project includes eight new direct access ramps to the toll lanes, the reconstruction of another eight connectors to the network adjacent to the project and direct connection ramps to the hospital complex known as the Texas Medical Center.

3.3. SERVICES

ESSENTIAL, PROFESSIONAL AND HIGH-QUALITY SERVICES

Clece

With a track record of more than 30 years and a presence in Spain, Portugal and the United Kingdom, Clece has established itself as one of the leading service companies thanks to a social management model that successfully combines profitability with a corporate culture backed by strong values, which results in a real impact on citizens and their environment.

Clece is synonymous with social commitment, inclusion in the workplace, professionalism, ethical behaviour, responsibility, customer focus, innovation, transparency and many other values present in all its activities, some of which have proved to be essential in recent years. This is the case, for example, with cleaning services, which are currently not only the company's most mature and consolidated business line, but have also received unanimous recognition from society for their contribution in the fight against COVID.

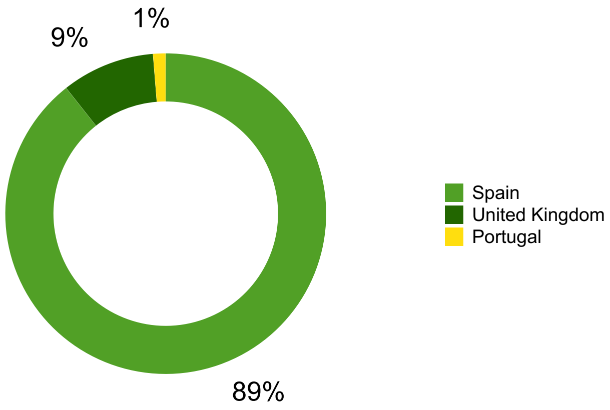
Social services is another of Clece's increasingly mature areas, but still with potential for growth. In this area, care for the elderly and dependent persons is particularly noteworthy, the importance of which has also been demonstrated since the outbreak of the pandemic. These care services are also the cornerstone of the company's continued expansion in the UK, where it operates under the brand name Clece Care Services.

Clece performed well in 2022, with revenue increasing by 10.7%. This upward trend has continued in the three countries where the company operates, with sales increasing by 8.1% in Spain, 8.2% in Portugal and 44.5% in the UK. The significant increase in the UK confirms the growing importance of Clece Care Services, currently made up of 18 companies with an annual turnover of EUR 171 million.

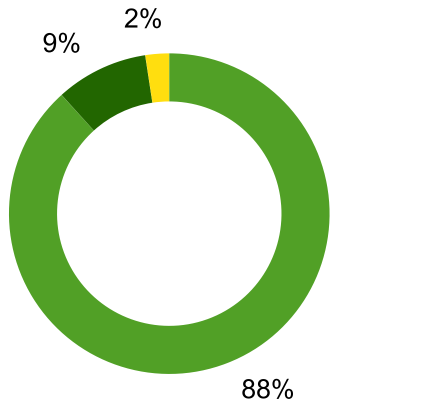
The Spanish market is still showing signs of budgetary adjustment, with a complex economic situation as a result of rising inflation rates. However, there has been a gradual shift towards tenders that are less focused on price and more concerned with quality of service as the differentiating factor.

In Spain, Clece's customer portfolio has continued along the same lines as last year, with 80% of activity in the public sector and 20% for private customers. In 2022, the main growth driver came from the public sector, which rose by 9.3%, while private sector turnover increased by 17.1%.

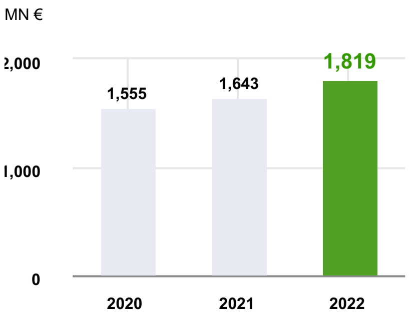
SALES PER GEOGRAPHICAL AREA



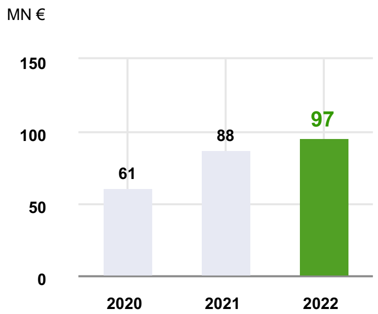
BACKLOG PER GEOGRAPHICAL AREA



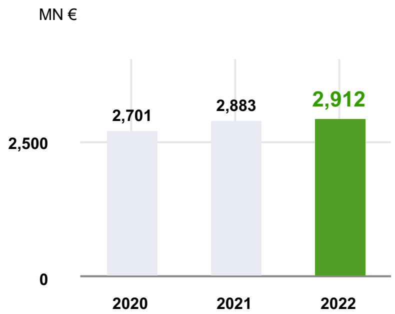
SALES



EBITDA



BACKLOG



80,705
EMPLOYEES

12.0%
OF EMPLOYEES BELONG TO VULNERABLE GROUPS

80%
PUBLIC SECTOR

20%
PRIVATE CLIENT

39%
INTERNATIONAL MARKET GROWTH

SOCIAL SPHERE	CLEANING
In recent years, Clece has promoted its social dimension by providing care for the elderly and dependent people, both at home and in residential centres. This is a developing area that still has potential for growth.	The cleaning sector is Clece's most mature and consolidated business. The commitment to the continued professionalisation of this activity has transformed the company's workers from invisible to essential, especially as a result of their work during the pandemic.

By areas of activity, growth in the social services field stood out in 2022, with an increase of 43.5% in the UK and 17.9% in Spain. In the national market, the strong performance of this area has been driven especially by the home care and support services, which grew by 23.3% compared to the previous year. Overall, the social services area accounts for 40.5% of the company's turnover. It should be noted that in 2022 Clece continued its project to manage private residences in both Spain and Portugal under the CleceVitam brand, which began in 2017. Clece had a total of 19 centres of this type by the end of 2022 and continues to work towards launching a further 6 new CleceVitam residences in 2023.

As for cleaning services, given that they are Clece's most mature and consolidated business, they represent an increasingly smaller margin for growth. Even so, in 2022 this area of activity represented 38.6% of the company's revenue. The trend in the market with regard to tenders continues to change, so that the weight of the economic offer is decreasing and the criteria regarding quality of service is gradually increasing. For Clece, the quality of the services it provides is essential.

Lastly, services related to security, maintenance, the green market and airport activity continue to be those with a lower volume, which together account for 20.9% of Clece's turnover.

People continue to be the main focus of Clece, its core value. By 2022 its workforce reached 80,705 employees. And in line with its commitment to meeting the needs of society, Clece's work inclusion policy provides professional development opportunities for 9,817 people from disadvantaged groups (people with disabilities, women that are victims of gender violence, people at risk of social exclusion and unemployed young people), which represents 12.2% of the workforce.

Along the same line of creating social value, Clece made the Professional Activity Support Unit part of the company to demonstrate its firm commitment to effective and stable inclusion. The Support Unit is a body that provides direct professional assistance and offers new employees comprehensive and holistic support.

As proof of this strong social commitment, in 2022 Clece received the DisCert certificate in the gold category for the second year in a row, which is awarded by the European Union to recognise organisations that are committed to the inclusion of people with disabilities in the workplace. The distinction in this category, which is the highest of the three levels for this certificate, is awarded to organisations that go a step further in their employment inclusion policy with respect to that mandated by the Spanish General Disability Act (*Ley General de la Discapacidad*), incorporating quality services such as internal support units or the collaboration network with third sector entities.

PRINCIPALES OBRAS ADJUDICADAS

1 Europe

Cleaning service for trains and Renfe Group facilities in the North and East Zone (Spain)

VALUE **112** MILLION EURO

2 Europe

Extension of the Home Help Service for the Retiro, Usera, Puente de Vallecas, Moratalaz, Villaverde's district of the Community of Madrid (Spain)

VALUE **80** MILLION EURO

3 Europe

Renovation of the cleaning and disinfection service for two healthcare centers in Zaragoza (Spain)

VALUE **50** MILLION EURO

4 Europe

Extension of the Home Help Service for the Málaga Council (Spain)

VALUE **45** MILLION EURO

5 Europe

Extension of the cleaning services for different bases of the Ministry of Defense (Spain)

VALUE **45** MILLION EURO

6 Europe

Renovation of the home help service in the areas of Nervion, San Pablo, Sur Bellavista and La Palmera in Seville (Spain)

VALUE **44** MILLION EURO

7 Europe

New contract for the cleaning service of metro lines 2 and 3 in Barcelona (Spain)

VALUE **38** MILLION EURO

8 Europe

New home help service contract in various districts of Malaga (Spain)

VALUE **30** MILLION EURO

9 Europe

Extension of the cleaning and disinfection service for primary care centers in Catalonia (Spain)

VALUE **28** MILLION EURO

10 Europe

Extension of the Home Help Service of municipalities with less than 20,000 inhabitants in the province of Almeria (Spain)

VALUE **28** MILLION EURO

11 Europe

Extension of aircraft cleaning service at domestic airports (Spain)

VALUE **27** MILLION EURO

12 Europe

Assistance service for people with disabilities and/or reduced mobility PRM (Spain)

VALUE **20** MILLION EURO

13 Europe

Extension of the cleaning service for several hospitals in Madrid (Spain)

VALUE **19** MILLION EURO

14 Europe

Renewal of the home help service in Murcia (Spain)

VALUE **19** MILLION EURO

15 Europe

Renewal of the cleaning service for the administrative buildings of the Xunta de Galicia (Spain)

VALUE **16** MILLION EURO

16 Europe

Extension of the auxiliary service for Ministry of Defense bases and buildings (Spain)

VALUE **16** MILLION EURO

17 Europe

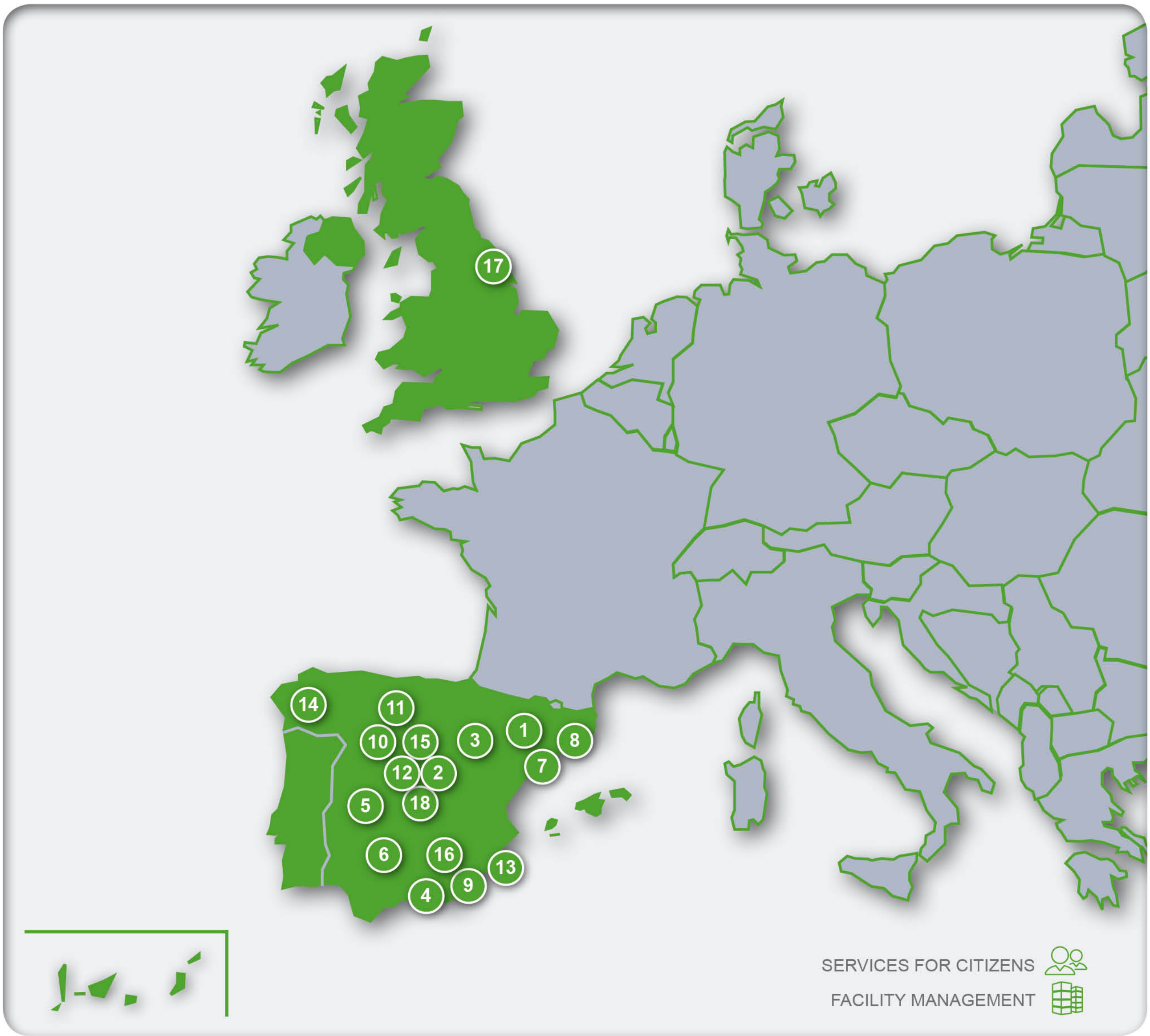
Renewal of the cleaning and disinfection service for the Jaén Hospital Platform (Spain)

VALUE **15** MILLION EURO

18 Europe

Home help service contract in Hull City Council (United Kingdom)

VALUE **15** MILLION EURO



CLECE CONSOLIDATES ITS PRESENCE IN SOCIAL SERVICES IN MADRID

CLIENT
MADRID MUNICIPAL COUNCIL

PROJECT EXECUTION DATES
2022-2024

LOCATION
MADRID, SPAIN

CONTRACT TYPE
SOCIAL SERVICES

AMOUNT
TOTAL: EUR 15.56 MILLION

MANAGEMENT OF SAMUR SOCIAL: EUR 14.61 MILLION

MANAGEMENT OF PMORVG: EUR 1.05 MILLION

COMPANIES INVOLVED IN THE PROJECT
CLECE
CLECE SEGURIDAD

Clece's performance in recent years, its growth and positioning as a benchmark company in the provision of essential services, is based not only on a diversified and multi-local business model, but also on its firm commitment to society through employability, inclusion and care for people. In 2022, the company strengthened its position to the management of certain activities that reinforce this commitment.

This most notably includes the award at the end of the year of Samur Social by the Madrid Municipal Council. This is a municipal service to act in situations of social emergency that require support for both individuals and groups, i.e. those caused by unforeseen and sudden events that give rise to situations of social vulnerability for people that affect their basic needs.

Clece was awarded the contract to manage Samur Social for a period of two years for a total of EUR 14.61 million (with the possibility of an extension for a further two years) and a professional team of 174 employees. In addition, the contract includes the security service at the headquarters and at the CEMUS (Municipal Centre for Social Emergencies) provided by Clece Seguridad. This award has been a success for the company, since, after 18 years of being provided by the same company, the Madrid Municipal Council decided to rely on Clece in this new tender to manage this service.

Samur Social operates 24 hours a day, 365 days a year and its main tasks include:

- Telephone services to provide information on social services, and to assist citizens in situations of social emergency by dialling 112 or other telephone numbers.
- Action taken in all situations of social emergency that occur on public roads, private homes or any other place in the city, and coordinated action with other emergency response services (firefighters, municipal police, SAMUR-Civil Protection, etc.).
- Support in social emergencies that cannot be managed by primary care social services, and care for the homeless.
- Emergency social care for people over the age of 65 in vulnerable situations.
- Social care in major emergencies and disasters.

This service is managed from the headquarters, the short-stay unit and the CEMUS, which have a total of 80 accommodation places, and from the mobile unit teams, made up of 12 vehicles. Samur Social also has additional resources such as alternative housing throughout Madrid (5,004 beds in boarding houses and 720 hotel beds with full room and board), a simultaneous remote translation service to more than 35 languages, laundry services, and a catering service that deals with emergency food situations.

In recent years, Samur Social has provided support in the emergency caused by COVID-19, the Filomena storm, and in fires, landslides and floods. In 2021, the service assisted a total of 8,102 people in situations of social emergency, received 65,979 telephone calls and carried out a total of 14,060 in-person actions.

In addition, this year Clece was awarded the contract for the new Municipal Point III of the Regional Observatory on Gender Violence (PMORVG III) by the Madrid Municipal Council, which aims to provide psychosocial care and specialised legal advice to women who are victims of gender violence, and their children, and who have had to take some type of legal measure, as long as they do not require protective accommodation. This service is available from Monday to Friday (business days) from 8:00 am to 8:00 pm, and provides coverage to the districts of Puente de Vallecas, Villa de Vallecas, Retiro, Vicálvaro, Moratalaz, Arganzuela, Salamanca and San Blas-Canillejas.

For more information:
4.6.Services

For more information:
https://www.grupoacs.com/activities/services/

4. FINANCIAL MANAGEMENT IN 2022

4.1. INCOME STATEMENT

ABBREVIATED INCOME STATEMENT

EURO MILLION	2021		2022		Var.
SALES	**27,837**		**33,615**		**+20.8%**
EBITDA	**1,598**	**5.7%**	**1,747**	**5.2%**	**+9.4%**
EBIT	**1,084**	**3.9%**	**1,106**	**3.3%**	**+2.0%**
Net financial results	(225)		(69)		
Ordinary financial result	(259)		(305)		
Foreign exchange & financial instruments result	33		236		
Other results (1)	(66)		(28)		
EBT	**793**	**2.8%**	**1,009**	**3.0%**	**+27.2%**
Taxes	(123)		(201)		
Discontinued operations	(4)		65		
Minority interest	(263)		(205)		
NET PROFIT	**403**	**1.4%**	**668**	**2.0%**	**+66.0%**

(1) Includes impairment and gains or losses on disposal of non-current assets.
NOTE: The comparable period does not take into account the profit generated in 2021 by Industrial Services (EUR 2,643 million) or other non-recurring impacts.
For more details, see the ACS Group's Consolidated Annual Accounts.

SALES AND BACKLOG

Sales in the period amounted to EUR 33,615 million, up 20.8% on the previous year (11.6% when adjusted for the exchange rate). This strong performance reinforces the general trend of growth in the various activities and regions, particularly North America and Australia.

The breakdown of sales by geographical areas showed the diversification of the Group's sources of revenue, where America represented 63% of total sales, Asia Pacific 22%, Europe 15% (of which Spain represented 9%).

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2021		2022		Var.
Europe	4,885	18%	5,214	15%	+6.7%
America	16,779	60%	21,115	63%	+25.8%
Asia Pacific	6,174	22%	7,286	22%	+18.0%
TOTAL SALES	**27,837**	100%	**33,615**	100%	**+20.8%**
Proportional Production (JV)	3,479	11%	2,968	8%	-14.7%
TOTAL PRODUCTION	**31,316**	100%	**36,583**	100%	**+16.8%**

SALES PER COUNTRIES

EURO MILLION	2021		2022		Var.
USA	14,824	53%	18,837	56%	+27.1%
Australia	5,476	20%	6,535	19%	+19.3%
Spain	2,988	11%	3,170	9%	+6.1%
Canada	1,602	6%	1,919	6%	+19.8%
Germany	926	3%	859	3%	-7.2%
Rest of Europe	971	3%	1,185	4%	+22.0%
RoW	1,050	4%	1,109	3%	+5.6%
TOTAL	**27,837**	100%	**33,615**	100%	**+20.8%**

NOTE: Proportional production (JV) was impacted by the 14% reduction of CIMIC's stake in Ventia following its IPO and the reclassification of the remaining 33% as a financial investment, thus excluding its contribution in 2022.

The volume of sales in America was much higher than in recent years, and was above pre-pandemic levels. After adjusting for the positive impact of the exchange rate, sales in the US rose by 12.9%.

Sales in Asia Pacific grew by 18.0% — 13.8% when adjusted for the exchange rate —, which was driven by the Australian market. Meanwhile, Europe consolidated its recovery with a solid growth trend (+6.7% vs. December 2021), showing strong performance in the main markets where it operates, especially in the UK, Poland and Spain.

In December 2022, the backlog stood at EUR 68,996 million, 8.3% higher than the comparable period (+5.4% when adjusted for the exchange rate). The strong performance of procurements meant that the backlog reached record highs, both in terms of volume and diversification. The contracts awarded during the year amounted to EUR 39,104 million, with more than 11,800 million contracted in the last quarter of the year.

BACKLOG PER GEOGRAPHICAL AREAS

EURO MILLION	Dec-21		Dec-22		Var.
Europe	12,226	19.2%	12,695	18.4%	+3.8%
America	33,759	53.0%	37,116	53.8%	+9.9%
Asia Pacific	17,748	27.8%	19,185	27.8%	+8.1%
TOTAL	**63,733**	100%	**68,996**	100%	**+8.3%**
Direct Backlog	57,901	90.8%	61,698	89.4%	+6.6%
Proportional Backlog (JV)	5,832	9.2%	7,298	10.6%	+25.1%

NOTE: Excluding Ventia from Asia Pacific following the consolidation change from equity method to financial investment.

BACKLOG PER COUNTRIES

EURO MILLION	Dec-21		Dec-22		Var.
USA	30,049	47%	33,504	49%	+11.5%
Australia	16,506	26%	17,131	25%	+3.8%
Spain	5,388	8%	5,972	9%	+10.8%
Canada	2,936	5%	2,683	4%	-8.6%
Germany	2,926	5%	2,803	4%	-4.2%
Rest of Europe	3,911	6%	3,920	6%	+0.2%
RoW	2,016	3%	2,984	4%	+48.0%
TOTAL	**63,733**	100%	**68,996**	100%	**+8.3%**

Asia Pacific consolidated the strong performance of its portfolio with growth of 8.1% (8.6% when adjusted for the exchange rate) thanks to a dynamic Australian market and the entry of projects with a lower risk profile.

Furthermore, the backlog in America maintained its strong position supported by more than EUR 22,500 million in new contracts during the period, most notably including the significant increase in new generation infrastructure projects, such as data centres or battery factories.

The backlog in Spain continued its upward trend with an increase of 10.8% thanks to the boost from the public tender for civil engineering work.

OPERATING RESULTS

Activities maintained stable operating margins on a like-for-like basis, with slight fluctuations due to cyclical impacts and a higher contribution from activities with a lower risk profile. The Group continued to implement specific measures aimed at mitigating the inflationary scenario and tensions in the materials supply chain.

More specifically, operating margins have been affected by a change in the business mix for construction activities, given the higher growth of Turner's activity where the margin is lower than for other businesses, which is in line with the risk profile of this business.

In addition, other variables that have a slight impact on the Group's overall margin include: (i) the reclassification of Ventia as a financial investment, and (ii) the reduction in the contribution of energy assets with particularly high operating margins after some of them were sold.

	EBITDA BY DIVISION			EBIT BY DIVISION		
EURO MILLION	2021	2022	Var.	2021	2022	Var.
Construction	1,275	1,389	+8.9%	822	844	+2.8%
Concessions	201	225	+12.3%	186	208	+11.8%
Services	88	97	+10.3%	45	50	+11.1%
SUBTOTAL	**1,563**	**1,711**	**+9.4%**	**1,053**	**1,103**	**+4.7%**
Margin on sales	*5.6%*	*5.1%*		*3.8%*	*3.3%*	
Corporation & others*	35	37	+6.4%	31	3	-90.6%
TOTAL	**1,598**	**1,747**	**+9.4%**	**1,084**	**1,106**	**+2.0%**

*Includes Real State and energy activities

Gross profit from operations (EBITDA) reached EUR 1,747 million, up 9.4% on the comparable period.

Profit from operations (EBIT) stood at EUR 1,106 million, up 2.0% on the previous year, which was affected by the lower contribution of energy assets and a higher level of depreciation on construction activity as a result of a greater proportion of projects in progress using specialised machinery (tunnelling machines), particularly in the second half of the year.

The changes in operating margins are mainly due to the change in the business mix, with a greater proportion of construction management activities in North America (Turner), which has lower margins, the reduction in the contractual risk profile, and slight cyclical impacts linked to the development of projects.

FINANCIAL RESULTS

Rising interest rates increase both financial income and costs, albeit to a limited extent given that most of the Group's debt is hedged against interest rate fluctuations.

In addition, Hochtief's financial costs rose as a result of the costs related to financing the CIMIC takeover bid.

The change in value of the financial instruments includes the foreign currency hedge for the CIMIC takeover bid in 2022 and, for the most part, the effect of the derivatives tied to the ACS share. These effects had a negative contribution in the previous year while this year the net positive impact of taxes and provisions made during the period of EUR 67 million amounted to EUR 56 million.

FINANCIAL RESULTS			
EURO MILLION	2021	2022	Var.
Financial income	103	178	+73.9%
Financial expenses	(361)	(484)	+33.8%
Ordinary Financial Result	**(259)**	**(305)**	**+17.9%**
Foreign exchange results	17	10	-45.2%
Changes in fair value for financial instruments	2	219	n.a.
Impairment & gains on financial instruments	14	7	-48.5%
Net Financial Result	**(225)**	**(69)**	**-69.4%**

NET PROFIT ATTRIBUTABLE

NET PROFIT BREAKDOWN

EURO MILLION	2021	2022	Var.
Construction	273	350	+28.3%
Concessions	167	194	+16.1%
Services	29	27	-6.4%
Net Profit from Operations	**470**	**572**	**+21.8%**
Corporation & others(1)	(67)	96	
Net Profit	**403**	**668**	**+66.0%**

Note: Net profit for the comparable period amounts to 403 million euros and does not take into account the capital gain on the sale of Industrial Services in 2021, the results of Industrial Services and other non-recurring impacts. Considering these impacts, net profit in 2021 amounted to 3,045 million euros.
(1) Includes Real State and energy activities

Net profit from operations grew by 21.8% to EUR 572 million as a result of the strong operating and financial performance of all business activities, and the reduction in non-controlling interests of CIMIC and HOCHTIEF contributed to this growth.

The Group's net profit in 2022 amounted to EUR 668 million, up 66.0%, with the contribution of Industrial Services eliminated in 2021. In 2022 the Corporate Unit included the positive impact resulting from the change in fair value of hedging instruments tied to ACS shares of EUR 56 million, net of the related tax effect and provisions made during the period (EUR 67 million), and EUR 65 million from the revaluation of the Industrial Services earn-out.

The effective tax rate was 32.3%, compared to 23.6% in the previous period, as a result of less tax credits from previous years being used.

4.2. BALANCE SHEET

BALANCE SHEET

EURO MILLION	Dec-21	Dec-22
Fixed Assets	**10,931**	**14,390**
- Tangible	1,506	1,867
- Intangible	676	623
- Non-current financial assets	5,306	6,375
- Assets held for sale	2,595	4,685
- Deferred tax assets	849	839
Goodwill	**2,672**	**2,716**
Working Capital	**(3,799)**	**(4,869)**
TOTAL NET ASSETS	**9,805**	**12,237**
Net Worth	**7,028**	**6,376**
Other long-term liabilities	**4,785**	**6,085**
- Liabilities held for sale	2,058	3,479
- Other long-term liabilities	2,727	2,606
Long-term finance	**8,716**	**8,878**
- Project finance	51	205
- Long-term bonds and obligations	4,096	3,921
- Long-term financial debt	4,569	4,752
Short-term net finance	**(10,725)**	**(9,102)**
- Project finance	18	34
- Short-term financial debt	1,790	1,465
- Other current financial assets	(1,280)	(1,181)
- Cash and banks	(11,253)	(9,420)
TOTAL LIABILITIES AND NET WORTH	**9,805**	**12,237**

For more details, see the ACS Group's Consolidated Annual Accounts.

NON CURRENT ASSETS

Non-current financial assets include the balance of investments accounted for using the equity method, which relates to the ownership interest in Abertis held by ACS and HOCHTIEF, associates of HOCHTIEF and Iridium's concessions. In particular, the 30% interest in Abertis held by ACS amounted to EUR 1,777 million, while HOCHTIEF's interest (20% minus one share) amounted to EUR 1,194 million. Therefore, the total impact on the ACS Group's balance sheet stood at EUR 2,971 million.

Goodwill amounted to EUR 2,716 million. EUR 554 million of this amount came from the ACS and Dragados Group merger in 2003, and EUR 1,144 million from the acquisition of HOCHTIEF in 2011. The rest corresponds to the inclusion of various companies in the Group, mainly HOCHTIEF's companies.

The assets held for sale relate mainly to the SH 288 highway and certain energy assets that the Group retained in the process of selling the Industrial Services business.

WORKING CAPITAL

WORKING CAPITAL EVOLUTION EURO MILLION	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Inventories	742	775	830	860	829
Accounts Receivables	6,686	7,477	8,121	8,844	7,383
Other Debtors	2,098	2,040	1,918	1,959	1,661
TOTAL WC ASSETS	**9,526**	**10,292**	**10,869**	**11,663**	**9,873**
Trade Receivables	(8,237)	(8,677)	(9,552)	(9,992)	(9,675)
Down Payments	(2,869)	(2,743)	(3,041)	(2,976)	(2,912)
Other Creditors	(2,219)	(2,200)	(2,694)	(2,308)	(2,155)
TOTAL WC LIABILITIES	**(13,325)**	**(13,620)**	**(15,286)**	**(15,276)**	**(14,742)**
TOTAL WORKING CAPITAL	**(3,799)**	**(3,328)**	**(4,417)**	**(3,612)**	**(4,869)**

Net working capital in the last twelve months increased by EUR 1,070 million due to various factors, mainly as a result of the payment obligations assumed in connection with the ICHTYS project (EUR 205 million) payable in 2023, the write-off of accounts receivable from the carve-out of energy assets (EUR 212 million), the effects of the exchange rate (approx. EUR 150 million), the increase in accounts payable as a result of greater activity, and the reduction in the balance of tax receivables and other non-operating assets under “Other receivables”.

The factoring balance at 31 December 2022 stood at EUR 1,063 million, increasing by EUR 51 million in the last 12 months, due to the increased activity of the construction business in America and the appreciation of the US dollar.

NET WORTH

The ACS Group’s equity stood at EUR 6,376 million at the end of the period, which is a 9.3% reduction compared to the end of 2021.

The reduction in shareholders’ equity is mainly due to the redemption of 20.5 million treasury shares and the strategic operations carried out in the period (CIMIC takeover bid and acquisition of 15.1% of HOCHTIEF). At the same time, the effect of these transactions involving non-controlling interests was offset by the inclusion of the SH 288 in the Group’s scope of consolidation.

In addition, valuation adjustments increased due to translation differences as a result of the effects of the exchange rate and the impact of hedging financial instruments.

EURO MILLION	Dec-21	Dec-22	Var.
Shareholders' Equity	6,505	5,166	-20.6%
Adjustment s from Value Changes	(171)	381	n.a.
Minority Interests	694	828	+19.4%
Net Worth	**7,028**	**6,376**	**-9.3%**

NET DEBT

NET DEBT (31 DECEMBER 2022)

NET DEBT (€ MN)	Construction	Concessions	Services	Corporation & others*	Grupo ACS
LT loans from credit entities	(2,708)	(217)	(202)	(1,517)	(4,644)
ST loans from credit entities	(1,144)	(9)	(114)	(70)	(1,338)
Debt with Credit Entities	**(3,852)**	**(226)**	**(317)**	**(1,587)**	**(5,982)**
Bonds	(2,562)	0	0	(1,467)	(4,029)
Non Recourse Financing	0	(52)	0	(187)	(239)
Other financial liabilities	(21)	(60)	0	(26)	(107)
Total External Gross Debt	**(6,435)**	**(338)**	**(317)**	**(3,267)**	**(10,357)**
Net debt with Group's companies & Affiliates	(19)	(2)	0	0	(20)
Total Gross Financial Debt	**(6,453)**	**(340)**	**(317)**	**(3,267)**	**(10,377)**
ST & other financial investments	873	63	1	244	1,181
Cash & Equivalents	6,432	414	163	2,411	9,420
Total cash and equivalents	**7,305**	**477**	**164**	**2,655**	**10,601**
(NET FINANCIAL DEBT) / NET CASH POSITION	**852**	**137**	**(153)**	**(612)**	**224**
(NET FINANCIAL DEBT) / NET CASH POSITION 2021	**736**	**64**	**(113)**	**1,322**	**2,009**

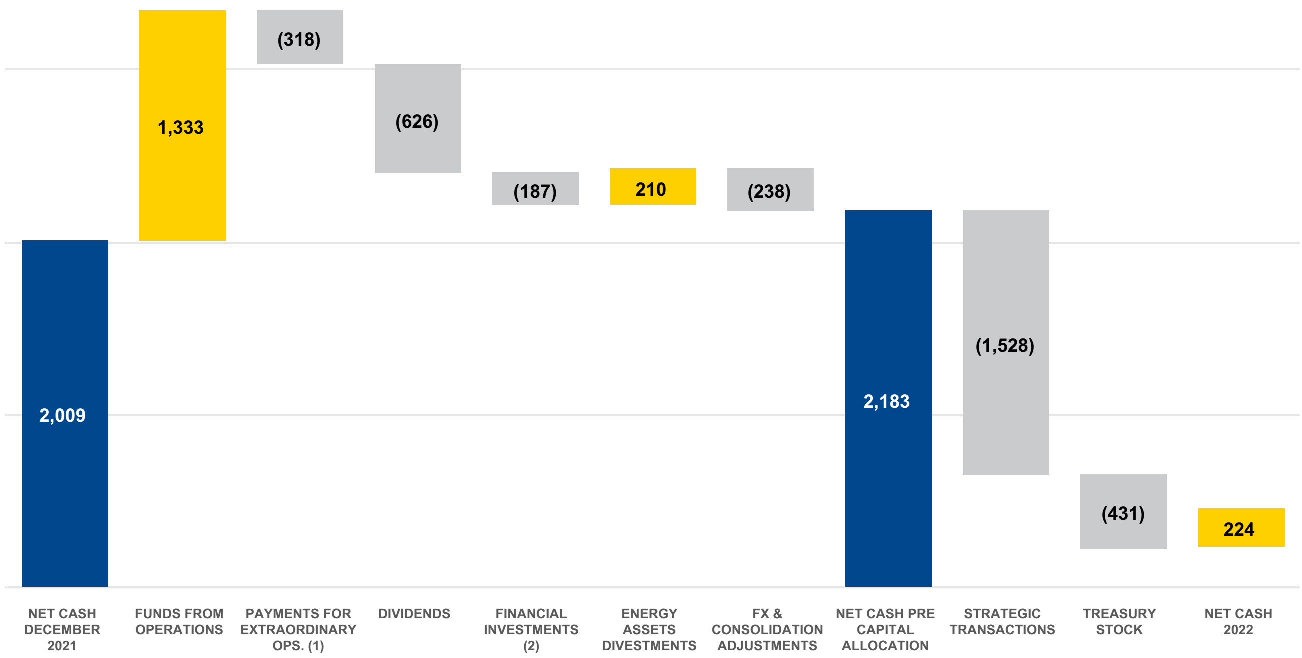
*Includes Real State and energy assets activities debt

Net cash amounted to EUR 224 million at the end of 2022. This solid financial position is based on the strong operating cash flow generated that exceeds EUR 1,300 million. Net cash was reduced by EUR 1,785 million, mainly after the investment in strategic operations, such as the takeover bid for 21.4% of CIMIC and the acquisition of an additional 15.1% of HOCHTIEF.

Taking into consideration the EUR 1,064 million paid in January 2023 for the acquisition of the SH 288, the pro-forma net debt amounted to EUR 840 million.

CHANGES IN THE FINANCIAL POSITION FOR 2022

MILLION EUROS



Figures in million euros
(1) Mainly MACA's acquisition in Australia and services companies in the UK
(2) Includes payments for Ichtys, Alto Maipó and Seattle

4.3. NET CASH FLOWS

EURO MILLION	2021			2022		
	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT
Operating Cash Flow before Working Capital	**1,073**	**803**	**270**	**1,699**	**1,066**	**633**
Operating working capital variation	(517)	(416)	(101)	44	222	(177)
Net CAPEX	(120)	(56)	(64)	(208)	(164)	(44)
Operating Lease payments	(203)	(160)	(43)	(202)	(158)	(44)
Net Operating Cash Flow	**233**	**172**	**61**	**1,333**	**966**	**367**
Financial Investments/Disposals	4,964	(105)	5,069	(1,566)	(1,229)	(337)
Other Financial Sources	(42)	(39)	(3)	(318)	(263)	(55)
Free Cash Flow	**5,154**	**27**	**5,127**	**(551)**	**(526)**	**(25)**
Dividends paid	(396)	(179)	(217)	(352)	(94)	(258)
Intragroup dividends	–	(140)	140	–	(68)	68
Treasury Stock	(483)	–	(478)	(705)	–	(705)
Capital increase	–	–	–	61	406	(345)
Cash Flow Generated / (Consumed) from cont. Op.	**4,276**	**(296)**	**4,572**	**(1,547)**	**(281)**	**(1,266)**
Cash Outflow from discontinued operations	(491)	–	(491)	–	–	–
Total Cash Flow Generated / (Consumed)	**3,785**	**(296)**	**4,081**	**(1,547)**	**(281)**	**(1,266)**
Perimeter change (Increase)/decrease	(221)	11	(232)	(357)	(79)	(278)
Exchange rate (Increase)/decrease	265	223	41	120	158	(39)
Net Debt Balance Total Variation	**3,828**	**(62)**	**3,890**	**(1,785)**	**(202)**	**(1,582)**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities before working capital amounted to EUR 1,699 million, up 58.4% on the previous year thanks to the strong performance of operating activities.

In line with the seasonality of the period, more than all outstanding working capital was recovered over the last quarter of the year, with a cash inflow of EUR 875 million. There was a positive net change in working capital of EUR 44 million, with the effect being virtually neutral after adjusted for factoring (compared to a negative EUR 192 million in the comparable period).

Net operating investments and operating lease payments amounted to EUR 410 million. The increase in operating investments in Construction is due to the acquisition of machinery for tunnelling work in Australia, which began in the second half of the year.

OPERATING (INVESTMENTS)/ DIVESTMENTS

EURO MILLION	Investments	Divestments	Net CAPEX
Construction	(229)	42	(187)
Dragados	(41)	19	(23)
HOCHTIEF	(188)	24	(164)
Concessions	(2)	0	(2)
Services	(26)	3	(23)
Corporation & others	(29)	32	4
TOTAL NET (INVESTMENTS) / DIVEST.	**(285)**	**77**	**(208)**

CASH FLOW FROM NON-OPERATING INVESTMENTS

Net investments in projects and financial investments amounted to EUR 1,566 million and are detailed as follows:

- Investments amounting to EUR 2,081 million, of which EUR 985 million relate to the purchase of CIMIC shares through the takeover bid and EUR 604 million to the increase in the shareholding in HOCHTIEF. The other investments relate mainly to energy concession assets.
- Divestments totalling EUR 515 million:

(a) EUR 353 million from the sale of SCE's energy assets, mainly 25% of the photovoltaic power plants in Spain, 75% of which were sold in 2020, and the associated pipeline.

(b) Proceeds from divestments of Iridium's concession assets in the amount of EUR 88 million, including the sale of 75% of the Windsor Essex shareholding in Ontario, Canada.

(c) Other financial divestments in HOCHTIEF Europe and joint ventures in CIMIC

PROJECT/ FINANCIAL (INVESTMENTS)/ DIVESTMENTS

EURO MILLION	Investments	Divestments	Net Project/ Financial investments
Construction	(1,303)	74	(1,229)
Dragados	—	—	—
HOCHTIEF	(1,303)	74	(1,229)
Concessions	(2)	88	86
Services	(29)	—	(29)
Corporation & others	(747)	353	(394)
TOTAL NET (INVESTMENTS) / DIVEST.	**(2,081)**	**515**	**(1,566)**
SH288 INVESTMENT PAID IN JANUARY 2023	**(1,064)**	**—**	**(1,064)**

An agreement was reached in the third quarter of 2022 to purchase 56.7% of the SH 288 highway in Texas where Iridium already held 21% of the share capital.

This investment led to a payment of EUR 1,064 million in January 2023 at the closing date of the transaction.

CASH FLOWS

The Group's dividend payments in cash amounted to EUR 352 million and include EUR 258 million in ordinary and final dividends paid in cash by ACS during the year. The rest relates mainly to the payment of the ordinary dividend to HOCHTIEF's minority shareholders.

In addition, EUR 705 million of treasury shares were acquired during the year, of which EUR 275 million were used to pay out the flexible dividend in shares during the year.

Last June, HOCHTIEF carried out a 10% capital increase for a total of EUR 406 million, with 85% of the shares subscribed by ACS. This transaction represents a net cash inflow of EUR 61 million to the ACS Group's consolidated profit.

OTHER CASH FLOWS

Other non-recurring cash flows mainly included payments related to the projects of a CCGP plant (ICHTYS) in Australia and a hydroelectric plant (Alto Maipó) in Chile made by HOCHTIEF, for which provisions totalling EUR 238 million had already been recognised in previous years. This last quarter also included payments amounting to EUR 40 million for legal costs and financial expenses arising from litigation related to the closure of the Seattle project.

4.4. CONSTRUCTION

	DRAGADOS			HOCHTIEF (ACS CONTRIBUTION EX ABE)			PPA ADJUSTMENTS		TOTAL		
EURO MILLION	2021	2022	Var.	2021	2022	Var.	2021	2022	2021	2022	Var.
Sales	**4,501**	**5,214**	**+15.8%**	**21,378**	**26,219**	**+22.6%**	**0**	**0**	**25,879**	**31,433**	**+21.5%**
EBITDA	**263**	**272**	**+3.3%**	**1,013**	**1,118**	**+10.4%**	**(1)**	**(1)**	**1,275**	**1,389**	**+8.9%**
Margin	*5.8%*	*5.2%*		*4.7%*	*4.3%*				*4.9%*	*4.4%*	
EBIT	**167**	**162**	**-2.6%**	**697**	**724**	**+3.9%**	**(42)**	**(42)**	**822**	**844**	**+2.8%**
Margin	*3.7%*	*3.1%*		*3.3%*	*2.8%*				*3.2%*	*2.7%*	
Net Financial Results	(36)	(42)		(96)	(101)		0	0	(132)	(143)	
Other Results & Sale of Fixed	(43)	(22)		(30)	(13)		0	0	(72)	(35)	
EBT	**88**	**98**	**+11.8%**	**572**	**611**	**+6.8%**	**(42)**	**(42)**	**617**	**666**	**+8.0%**
Taxes	21	14		(142)	(162)		13	13	(108)	(136)	
Discontinued op.	0	0		(4)	0		0	0	(4)	0	
Minorities	**(3)**	**0**		**(246)**	**(191)**		**16**	**11**	**(232)**	**(181)**	
Net Profit	**106**	**111**	**+4.8%**	**180**	**257**	**+43.0%**	**(13)**	**(18)**	**273**	**350**	**+28.3%**
Margin	*2.4%*	*2.1%*		*0.8%*	*1.0%*				*1.1%*	*1.1%*	

Construction sales reached EUR 31,433 million, which represents a 21.5% increase as a result of the solid performance of the business activities of both Dragados and HOCHTIEF, along with the strength of the US dollar (+11.7% when adjusted for the effect of the exchange rate).

Dragados' sales grew by 15.8% — 9.4% when adjusted for the positive impact of the exchange rate —, showing an increase in activity in all regions where it operates. Net profit reached EUR 111 million, up 4.8% on the previous year. The operating margin was reduced mainly due to a higher level of depreciation on projects requiring heavy machinery and that are at full capacity, mainly in the US.

HOCHTIEF's sales grew by 22.6%, which would be 12% when adjusted for the exchange rate, showing a solid trend of growth in all areas of operation. The change in operating margins is mainly due to changes in the business mix, with a greater weight of construction management activities, which have lower margins, along with their convergence towards a more conservative risk profile, and non-recurring impacts on the Corporate Unit and Europe.

At CIMIC, the operating margin remained virtually stable when adjusted for the reclassification of Ventia as a financial investment.

HOCHTIEF's contribution to the Group's net profit (excluding Abertis) rose to EUR 257 million (EUR 239 million after the PPA), with returns improving as a result of strong operating performance and the reduction in non-controlling interests in CIMIC and HOCHTIEF.

HOCHTIEF AG

	AMERICA		ASIA PACIFIC		EUROPE		CORPORATION		TOTAL	
EURO MILLION	2022	Var.	2022	Var.	2022	Var.	2022	Var.	2022	Var.
Sales	**17,460**	**+26.6%**	**7,300**	**+18.9%**	**1,271**	**-3.0%**	**189**	**+36.7%**	**26,219**	**+22.6%**
EBITDA	**462**	**+9.6%**	**641**	**+11.5%**	**103**	**-5.9%**	**(21)**	**-38.9%**	**1,184**	**+10.6%**
Margin	*2.6%*		*8.8%*		*8.1%*				*4.5%*	
EBIT	**376**	**+10.6%**	**435**	**+10.3%**	**41**	**-29.4%**	**(62)**	**+61.4%**	**791**	**+4.8%**
Margin	*2.2%*		*6.0%*		*3.2%*				*3.0%*	
Net Profit	**260**	**+12.4%**	**186**	**+26.6%**	**34**	**+16.2%**	**1**	**n.a**	**482**	**+19.7%**
Margin	*1.5%*		*2.5%*		*2.7%*				*1.8%*	

	SALES PER GEOGRAPHICAL AREAS			BACKLOG PER GEOGRAPHICAL AREAS		
EURO MILLION	2022	%	Var.	Dec-22	%	Var.
Europe	3,211	10.2%	+3.2%	9,782	14.8%	+4.7%
America	20,928	66.6%	+26.0%	37,116	56.2%	+9.9%
Asia Pacific	7,294	23.2%	+18.5%	19,185	29.0%	+8.1%
TOTAL	**31,433**	**100.0%**	**+21.5%**	**66,084**	**100.0%**	**+8.6%**

More than half of construction sales come from the North American market, which is showing solid recovery in activity after the slowdown caused by the pandemic, with this growth supported by the strength of the US dollar. Order intake activity returned to the trend of pre-pandemic growth, with the North American backlog rising to EUR 36,187 million, up 9.7% on the comparable period.

Asia Pacific has continued its trend of growth thanks to the dynamic activity of the Australian market. Along these same lines, the backlog — even though it was negatively affected by the exchange rate — rose to EUR 19,185 million, which is an increase of 8%. The diversification of the portfolio with a lower risk profile as a result of the alliance style model of contracting, which allows for a balanced distribution of project risks and provides greater stability to operating margins.

European markets showed favourable performance, with sales amounting to EUR 3,211 million (up 3.2%), mainly supported by the markets in Poland, the Czech Republic, Spain and the United Kingdom. The backlog also continued to grow, thanks in particular to Spain, which grew by 22.4%.

BACKLOG PER AREAS

EURO MILLION	Dec-21	%	Dec-22	%	Var.
Hochtief	48,388	79.5%	51,404	77.8%	+6.2%
America	26,075	39.5%	27,776	42.0%	+6.5%
Asia Pacific	17,719	26.8%	19,388	29.3%	+9.4%
Europe	4,594	7.0%	4,240	6.4%	-7.7%
Dragados	12,462	20.5%	14,680	22.2%	+17.8%
TOTAL	**60,851**	**100.0%**	**66,084**	**100.0%**	**+8.6%**

The backlog at the end of the period reached EUR 66,084 million, up 8.6% on the comparable period and equivalent to 2 years of production. When the effect of the exchange rate is excluded, the backlog grew by 5.6%. The project backlog stood at record highs with a high level diversification by project type and a lower risk profile. The accelerated growth of new generation infrastructure projects and projects related to the energy transition are noteworthy of mention.

4.5. CONCESSIONS

	IRIDIUM			ABERTIS			TOTAL		
EURO MILLION	**2021**	**2,022**	**Var.**	**2021**	**2,022**	**Var.**	**2021**	**2,022**	**Var.**
Sales	**93**	**96**	**+3.5%**	**0**	**0**	**n.a.**	**93**	**96**	**+3.5%**
EBITDA	**56**	**59**	**+5.2%**	**145**	**167**	**+15.0%**	**201**	**225**	**+12.3%**
EBIT	**41**	**42**	**+0.4%**	**145**	**167**	**+15.0%**	**186**	**208**	**+11.8%**
Net Financial Results	(3)	(1)		0	0		(3)	(1)	
Equity Method	1	5		0	0		1	5	
Other Results & Fixed Assets	9	15		0	0		9	15	
EBT	**48**	**60**	**+24.3%**	**145**	**167**	**+15.0%**	**193**	**227**	**+17.3%**
Taxes	2	(9)		0	0		2	(9)	
Minorities	0	0		(28)	(24)		(28)	(24)	
Net Profit	**50**	**51**	**+2.5%**	**117**	**143**	**+21.9%**	**167**	**194**	**+16.1%**

IRIDIUM

Iridium, the Group's concession development company, currently has a portfolio of 48 assets with an invested capital of EUR 550 million by ACS. The portfolio is broken down into:

IRIDIUM'S CONCESSIONAL ASSETS

	KMS	NUMBER OF ASSETS	UNDER OPERATION	EQUITY INVESTED ACS
HIGHWAYS	**733**	**23**	**20**	**330**
Spain	399	9	8	106
Canada	147	6	5	43
USA	78	4	3	117
Ireland	87	3	3	45
United Kingdom	22	1	1	20
Other Concessions*		25	20	220
TOTAL	**733**	**48**	**40**	**550**

*Includes public facilities, hospitals and parking spaces

These assets include the SH 288 highway, which is located in Harris County in Houston, Texas, that includes four new managed toll lanes running 10.3 miles (17 km) along the median of the entire road. This is a managed lanes highway concession that was awarded in 2015 for a period of 52 years, which opened to traffic in November 2020 and has been successfully operating ever since.

Last August, Iridium reached an agreement to purchase 44.65% of the US company Blueridge Transportation Group (BTG), which is the concession operator of a segment of the SH 288 highway. In October, the company then purchased an additional 12.1% from one of the two remaining shareholders of the concession operator. Following these acquisitions, the ACS Group's shareholding in this concession operator rose from the 21.65% that it already held to 78%. Both transactions closed on 17 January 2023 after having obtained the required administrative permits for an amount of EUR 1,064 million.

The main performance data of the SH 288 include:

- The maximum permitted toll rate (soft cap) for 2023 increased by around 15% based on the high Gross State Product (GSP) per capita in Texas, which is significantly higher than the 3% forecast.
- This will have a positive impact on revenue over the rest of the concession period.
- In general, toll rate increases of 16% have been applied since January 2023 with little impact on traffic and an increase of almost 15% in revenue. Depending on various factors at that time, more rate increases are expected for the second quarter of 2023.
- The area where the highway is located is experiencing a significant increase in economic activity, with the number of new commercial developments being higher than expected.

SH-288'S KEY FIGURES

MILLION DOLLARS	**Dec-22**	**Var. %**
Revenues	74	+56.9%
EBITDA	54	+120.2%
Net Profit	14	+77.2%
Net Debt	530	n.a

The sale of 75% of the shareholding (33%) in the Windsor Essex concession in Ontario, Canada was closed in the first few months of 2022.

ABERTIS

Abertis' contribution to the ACS Group's net profit for the period amounted to EUR 143 million, of which EUR 100 million relate to the direct interest held by ACS, with the remaining EUR 43 million relating to the indirect holding through HOCHTIEF, once non-controlling interests were deducted.

ABERTIS' KEY FIGURES

	2021	2022	Var. (%)
Traffic (Million km traveled)	63,842	68,025	*+6.6%*
EURO MILLION			
Revenues	4,854	5,102	*+5.1%*
EBITDA	3,351	3,536	*+5.5%*
Net Profit pre PPA	691	668	*-3.3%*
Operating Cash Flow	1,936	2,070	*+6.9%*
CAPEX	634	818	*+29.1%*
	Dec-21	**Dec-22**	**Var. (%)**
Net Debt*	23,350	21,809	*-6.6%*
Financial assets derived from concession rights	1,906	999	*-47.6%*

*Net debt does not include € 1,960 million of hybrid financial instruments classified as Net Worth

The growth trend in traffic was consolidated and exceeded pre-pandemic levels in virtually all countries in which Abertis has a presence, with an annual increase in average daily intensity of 8.2%.

The recovery in traffic levels and the contribution of the new concessions acquired caused revenue to increase to EUR 5,102 million (+5.1%) and EBITDA to EUR 3,536 million (+5.5%), which more than offset the exclusion of Acesa, Invicat and Sol from the scope of consolidation. Financial costs have been impacted by inflation and rising interest rates, while revenue does not yet reflect the inflation-related toll rate increases implemented in January 2023.

The company contributed EUR 143 million to the net profit of ACS at 2022 year-end, which is an increase of EUR 26 million on the comparable period.

		EUROPE			AMERICA							
COUNTRY		France	Spain*	Italy	Chile	Brazil	Mexico	United States	Puerto Rico	Argentina	Others	**TOTAL**
NUMBER OF CONCESSIONS		2	6	1	5	7	5	1	2	2	2	**33**
KM IN OPERATION		1,769	561	236	640	3,200	1,011	12	90	175	152	**7,845**
TRAFFIC	**2022**	16,378	3,428	5,565	6,432	21,249	5,306	151	2,250	5,751	1,516	**68,025**
	Var. (%)	+10,7 %	+9,8 %	+10,1 %	+11,5 %	+3,2 %	+7,6 %	+1,4 %	-0.3%	+18,2 %		**+6,6 %**
REVENUES	**2022**	1,895	512	445	538	574	587	108	180	148	114	**5,102**
	Var. (%)	+11,0 %	-42%	+5,5 %	+8,7 %	+33,5 %	+32,5 %	+25,5 %	+15,3 %	+18,0 %		**+5,1 %**
EBITDA	**2022**	1,367	414	242	439	340	488	57	136	29	25	**3,536**
	Var. (%)	+14,4 %	-41%	+5,6 %	+11,5 %	+33,2 %	+33,7 %	+36,0 %	+15,8 %	+28,8 %		**+5,5 %**
CAPEX	**2022**	213	24	101	20	406	29	1	9	5	8	**818**

*Acesa and Invicat concession expired in August 2021, therefore they are fully included in EBITDA for the first half of 2021. After discounting the impact of the change of perimeter, the evolution of exchange rates and the effect of hyperinflationary economies.

4.6. SERVICES

The Services business consolidated its recovery with sales growth in the period of 10.7% compared to the previous year, reaching EUR 1,819 million. Operating margins remained stable compared to the comparable period when they had already normalised following the significant impact of the pandemic.

Net profit reached EUR 27 million, down 6.4% on the previous year due to higher taxation as a result of less tax credits being used this year and less financial income, since last year there was an one-off increase in customer late payment interest as a result of the pandemic.

	2021	%/ VENTAS	2022	%/ VENTAS	Var.
Sales	1,643		1,819		+10.7%
EBITDA	88	5.3%	97	5.3%	+10.3%
EBIT	45	2.7%	50	2.7%	+11.1%
EBT	36		38		+5.0%
Net Profit	29	1.8%	27	1.5%	-6.4%

The Services backlog amounted to EUR 2,912 million, equivalent to 19 months of production, up 1.0% year-on-year. In addition, it should be noted that the Services area has more weight in the United Kingdom, where it ended the year with a backlog of EUR 272 million, thanks to the inclusion of new subsidiaries.

	SALES PER COUNTRIES			BACKLOG PER COUNTRIES		
EURO MILLION	2022	%/ SALES	Var.	Dec-22	%/ BACKLOG	Var.
Spain	1,625	89.3%	+8.1%	2,571	88.3%	-1.5%
United Kingdom	171	9.4%	+44.5%	272	9.3%	+34.7%
Portugal	23	1.3%	+8.2%	70	2.4%	-2.8%
TOTAL	1,819	100.0%	+10.7%	2,912	100.0%	+1.0%

4.7. CORPORATION

CORPORATION & OTHERS

EURO MILLION	Real State	Energy	Corporation/ Adjustments
Sales	44	252	(29)
EBITDA	14	85	(62)
EBT	10	46	21
Net Profit	8	20	69

The Energy business included the contribution of the energy assets that were not part of the sale of the Industrial Services division, most notably including the Manchasol solar thermal plant in Spain, the Kinkardine off-shore wind farm in Scotland and the Ca-Ku-A natural gas compression facility in Mexico, which began operating in mid-2021. Net profit for the period included capital gains from the renewable energy assets sold in the second quarter of the year, mainly solar photovoltaic plants in Spain, which was offset by the valuation adjustment on other assets (basically Tonopah).

The Corporation included the positive net impact of financial derivatives and the restatement of the value of the Industrial Services earn-out sold to Vinci (EUR 65 million), which was accounted for as profit from discontinued operations.

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

4.8. RISKS AND UNCERTAINTIES

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

The ACS Group monitors and controls these risks that may affect its customers, shareholders, employees or its corporate reputation, or that may have a negative impact on the Group as a whole. To carry out this risk control, the ACS Group has instruments that enable it to identify the risks early enough to be able to manage them appropriately, either by avoiding their materialisation or by minimising their impact.

In addition to the risks inherent to its different business activities, the ACS Group is exposed to various risks of a financial nature due to interest rate or exchange rate fluctuations, liquidity risk and credit risk.

a) Risks arising from changes in the interest rates on cash flows are reduced by hedging the rates through financial instruments that mitigate the effect of any fluctuations.

b) Foreign currency risk is managed by arranging debt in the same functional currency as that of the assets financed by the Group abroad. To hedge the net positions denominated in currencies other than the euro, the Group arranges various financial instruments to reduce its exposure to foreign currency risk.

c) The most significant changes in 2022 regarding the financial risks of the ACS Group are as follows:

- ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) programme for EUR 500 million, and the debt issuance programme known as Euro Medium-Term Note Programme (EMTN Programme) for a maximum amount of EUR 1,500 million.

- Hochtief increased its share capital by just under 10% through a monetary contribution using authorised capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights, of which ACS, Actividades de Construcción y Servicios, S.A. was allocated 85% of the total number of new shares. The net proceeds from the capital increase were used to strengthen the equity base by repaying part of the financing obtained for the full acquisition of Cimic.

- Hochtief, A.G. launched a promissory note issue in October 2022 for a total of EUR 246 million. The commercial paper has staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The proceeds are used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.

- In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.

- Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on 14 December 2022. The tranche of AUD 950 million initially maturing in September 2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on 9 December 2025 and AUD 475 million maturing on 9 December 2027.

- In March 2021, the credit rating agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A. a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

d) Other risks:

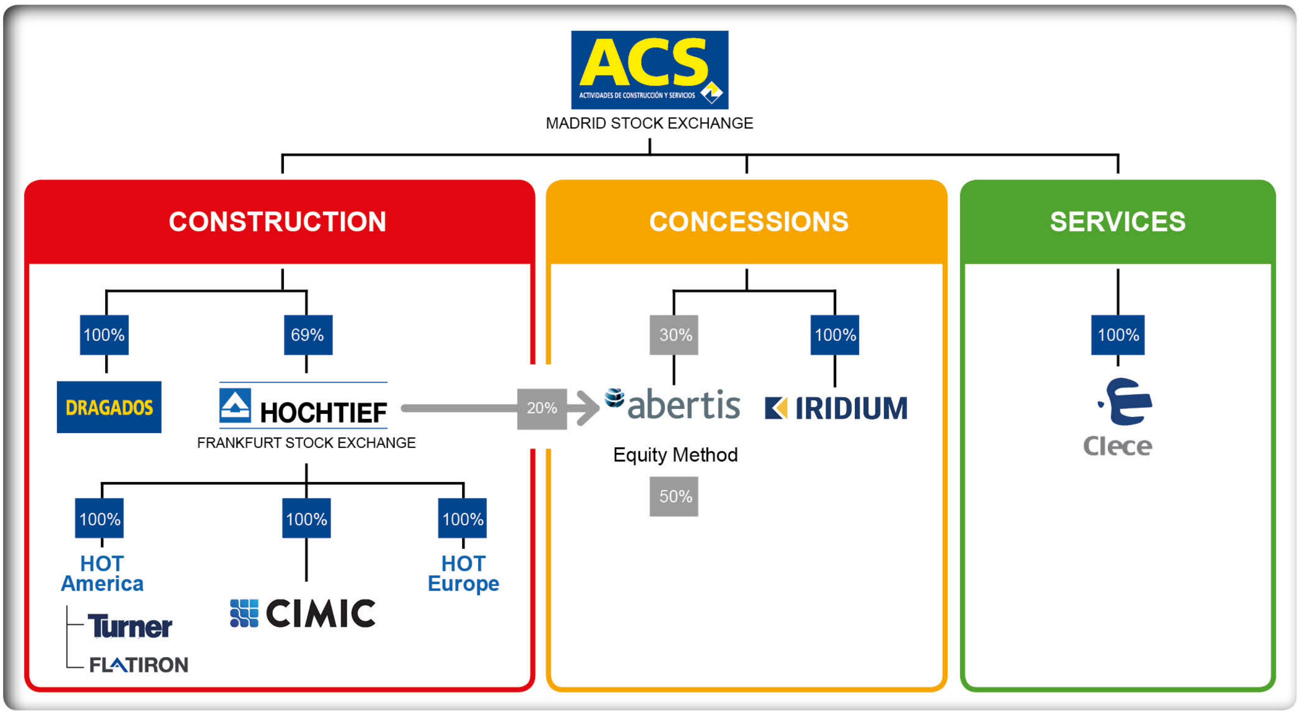
- The Russian army's invasion of Ukraine began on 24 February 2022. In addition, several countries have imposed sanctions and taken actions with the aim of isolating and weakening the Russian economy. Although the impact on the ACS Group's activity has not been significant as of the date of this report, it is resulting in inflationary pressures, causing problems in supply chains and, in general, is having a significant effect on the global economy, increasing economic uncertainty and the volatility of asset values. The ACS Group continues to monitor the impact that the conflict could have on operating and financial performance in the activities of the Group's various divisions. Although the current situation caused by the conflict leads to uncertainty regarding the performance and development of the markets and the construction industry, the Group is highly diversified by activities and location in developed regions with stable political frameworks.

The Annual Integrated Report, which includes the ACS Group's Non-Financial Information, the Corporate Governance Report, and the Consolidated Financial Statements (www.grupoacs.com), provides a more detailed explanation of the risks and the instruments used to control these risks. Likewise, HOCHTIEF's Annual Report (www.hochtief.com) details the risks inherent to the company and its control mechanisms.

For the next six months, from the reporting date of the financial statements to which this document refers and based on the information currently available, the ACS Group will continue to strengthen and adapt its risk control policies and to implement specific measures to address the current macroeconomic situation marked by severe geopolitical tensions, widespread price inflation and the impact on the materials supply chain. However, the Group continues to maintain a favourable outlook regarding business development supported by a solid and diversified project portfolio. In addition, the Group will continue to strengthen its leadership in the strategic regions in which it operates — North America, Australia and Europe —, and expand its investments in infrastructure concession assets to balance the risk profile of the businesses.

5. CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

5.0. ACS GROUP BUSINESS MODEL



The ACS Group is a worldwide reference in the construction and services business. As a global company, it participates in developing key sectors for the world economy, while at the same time maintaining a commitment to the economic and social progress of the countries in which it operates.

The ACS Group has consolidated a business model characterised by its broad geographic and activity diversification. The main areas of the Group are divided into:

a) **Construction**: comprises the activities of Dragados and HOCHTIEF and is aimed at performing all types of infrastructure projects, both in civil engineering (bridges, roads, railways, hydraulics, etc.) and in building (hospitals, commercial buildings, industrial facilities, social and leisure buildings, etc.); it also provides services to develop and maintain infrastructure necessary for society (energy, transport, communications and technology, natural resources and water treatment). The geographical regions with the greatest exposure are North America, Asia Pacific and Europe, operating mainly in developed and secure markets at the geopolitical, macroeconomic and legal levels.

b) **Concessions**: includes Iridium's activity and the share in Abertis and is aimed at developing and operating transport concessions. These projects are performed either through direct construction models for institutional or private clients or through public–private partnership models, where the ACS Group covers the whole concession business value chain from project design through financing, construction and start-up to operation.

c) **Services**: It covers the activity of Clece, which offers comprehensive maintenance services for buildings, public places or organisations, and assistance to people. This area is fundamentally based in Spain but also shows incipient growth in the European market.

For more information on the ACS Group's business model: 2. The ACS Group

5.0.1. SUSTAINABILITY STRATEGY AND TRENDS

The ACS Group's context of operational decentralisation requires it to adapt its strategy to the challenges and opportunities presented in a more complex and competitive sector. The Group's strategy is focused on the fact that all companies share common values and culture, while at the same time operating independently, individually contributing a multitude of valid and profitable management formulas that generate shared knowledge and best practices.

The ACS Group is positioned as one of the world's leaders in the construction and services industry, with a clear and defined mission: to pursue global leadership, optimise the return on resources used and promote sustainable development, while generating shared value for all of its stakeholders and promoting sustainable and profitable growth for its shareholders.

These commitments are implemented through the Group's Sustainability Policy, updated in its latest version approved by ACS' Board on 28 July 2022 This policy defines the principles of action for the ACS Group in this area, and the Group's relationship with its environment.

Also, in December 2021, the Board of the ACS Group approved the 2025 Sustainability Master Plan establishing the Group's sustainability strategy, setting out the commitments and strategic lines to continue "Driving the Global Sustainability of Infrastructure", and the sustainability targets set for 2025.

As part of the Group's commitment to information transparency, the description of the existing policies to non-financial issues, and the results of the policies, is presented throughout this Consolidated Non-Financial Statement,

including key performance indicators. To ensure maximum rigour and transparency, this document was prepared following the requirements established by the international standards in the area of reporting, such as the GRI Standards. The related indicators have been verified by an independent third party adhering to the standard (ISAE) 3000.

The report was selected based on a preliminary materiality analysis that identified the most relevant issues for the company and its stakeholders. This analysis identifies the main risks and opportunities associated with these matters that may affect the creation of value of ACS Group businesses, and the external impacts that the development of ACS Group activity may entail on the economy, society and the environment.

The detailed conclusions of this analysis, and the material issues identified, can be consulted in section 7.2., but as a summary, the future scenario in which the ACS Group will perform its activity in the coming years will be marked by the following challenges and opportunities specified in point 2.2.1:

- Inflation and tensions in the supply chain
- Limitation of material resources and human resources
- Geopolitical instability
- Interest rate rise
- Population growth and urbanisation
- New technologies
- New sources of financing
- Obsolete assets
- Climate change and decarbonisation
- Stimulus plans and deglobalisation

For further information: 2.2. A strategy focused on creating shared value

Sustainability Master Plan 2025

7.2. Identification of relevant issues

5.0.2. RISKS

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

In 2020, the ACS Group approved the update of General Risk Control and Management Policy, and the Integrated Risk Control and Management System.

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

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate these risks and achieve the objectives established by the Board. The Corporate Unit is responsible for determining the basic guidelines to unify the operating criteria in each of the divisions to guarantee an adequate level of internal control. The Group's companies and divisions are responsible for developing the necessary and appropriate internal regulations so that, based on the particularities of their activity, they implement internal control to ensure its optimum level.

The Board of the Parent Company of the Group has established a framework of appropriate policies and controls to prevent corruption and other irregular practices, and to identify, assess, manage and control the risks, both financial and non-financial, and the potential impacts associated with them. This process includes full involvement of the Audit Committee, which is responsible for overseeing both the effectiveness of internal control and internal audit, and ensuring the strict application of the policies and controls established.

The responsibility of the Board notwithstanding, the Audit Committee ensures compliance with the transparency obligations of the company and, in particular, because the information included in this Non-Financial Statement (NFS), the Annual Corporate Governance Report (ACGR) and the Annual Directors Remuneration Report (DRR) is sufficient to allow the market and investors to understand the scope and importance of the corresponding facts and risks in the area of Non-Financial Information.

2.3.Efficient Risk Management

7.2. Identification of relevant issues

In relation to non-financial risks, according to the Group's risk map, the main risks related to the issues discussed in this EINF that were detected and that may have an impact on the development of the Group's activity are:

Natural catastrophes and pandemics refers to the risks related to the impact on operations arising from pandemics or other health crises and that could led to delays in projects and labour management issues, among others.

Safety and health risks and occupational risk prevention: due to the activity of the ACS Group, the incidents or accidents that affect the safety and health of employees, whether direct employees or subcontracted workers, are a material issue for the company as it works towards achieving 'zero-accident' operations.

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

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

Ineffective internal communication: lack of communication from management with the teams, which could negatively affect human resource management and labour relations, and could pose a risk in meeting objectives, developing people and in the work environment.

Purchasing and sub-contracting processes: the contracting of external services has associated risks arising from the unavailability of suitable companies or professionals, inadequate selection or lack of capacity to meet the obligations taken on, which could led to delays, cost overruns or quality failures.

Impact on the economic - social environment: the risk of having a negative economic and social effect as a result of the Group's activity in local communities and responsible supply chain.

Relationship with the client: inadequate management of relationships with clients can have different negative impacts on revenue, and the reputation of the business. In addition, there are risks associated with market conditions that are beyond the control of the ACS Group.

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

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

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

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

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

The description of the main non-financial risks, the detection, prevention, management and mitigation measures, and the management indicators and applicable policies, are detailed in each of the corresponding chapters of this NFIS. In addition to these risks identified in the risk map, there are a number of emerging risks which, although they currently take place, it is considered that their impact on the development of the Group's activities will be significantly extended over the long term (> 5 years) and the description, impact and mitigation actions of which are detailed in annex 7.3.3. of this report.

5.0.3. EVOLUTION OF RELEVANT INDICATORS FOR NON-FINANCIAL MANAGEMENT OF THE ACS GROUP

In accordance with Law 11/2018, this Non-Financial Statement contains the information necessary to understand the evolution, results and situation of the ACS Group, and the impact of its activity with regard, at least, to environmental and social issues, respect for Human Rights and anti-corruption and bribery, and personnel issues.

The evolution of the main indicators for the non-financial management of the ACS Group is shown below:

Evolution of relevant NFS indicators		
	2021	**2022**
Environmental issues		
Percentage of operations covered by ISO 14001 Certification	87.1%	89.6%
Hazardous waste (t)	400,892	138,334
Non-hazardous waste (t)	18,344,366	15,761,762
Scope 1 emissions (tCO2)	381,261	389,195
Scope 2 emissions (tCO2)	120,294	121,602
Scope 3 emissions (tCO2)	3,495,018	4,192,735
Total energy consumption (MWh)	1,863,998	1,852,102
Electricity consumption from renewable sources (MWh)	70,556	57,979
Social and personnel issues		
December 31 Workforce	122,502	128,721
% Men workforce	42.0%	43.3%
% Women workforce	58.0%	56.7%
% Mid-level educational degrees and above	16.2%	16.0%
% Non-qualified technicians and Administrative staff	17.1%	17.3%
% Other staff	66.7%	66.7%
% Permanent Contracts	72.3%	81.3%
% Temporary Contracts	27.7%	18.7%
Number of women in management positions	2,318	2,745
% Employees in centres covered by Equality Plans	95.9%	96.1%
% Employees in centres with Universal Accessibility	100.0%	100.0%
Employees belonging to vulnerable groups	10,320	10,981
Total teaching hours given	963,760	1,048,174
Employees participating in training activities	55,954	68,462
Investment in training per employee (of total employees trained) (euros)	264	261
Percentage of total employees covered by ISO 45001 certification (Occupational Health and Safety)	91.6%	88.6%
Percentage of total employees who have received at least one occupational health and safety course in their professional career	99.7%	100.0%
Investment in occupational health and safety per employee (euros/employee)	694.9	881.0
Frequency Rate	13.60	15.11
Severity Rate	0.38	0.46
Incidence Rate	25.60	27.13

Evolution of relevant NFS indicators	2021	2022
Ethics, human rights, contribution to society		
Number of employees trained in Human Rights, Ethics, Integrity, Conduct in the year or other compliance policies and procedures	39,337	35,148
Number of courses given with content on Human Rights, Ethics, Integrity, Conduct or other compliance policies and procedures	455	477
Funds allocated to Social Action (millions of euros)	11.9	14.3
Other information on the company		
Companies with formal supplier/subcontractor approval systems	97.7%	99.0%
Weighted average expenses that have the sustainability-related factors (environmental, ethical and social criteria) out of the total factors used in the approval systems	35.2%	36.4%
Frequency Rate (contractors)	3.01	2.93
Severity Rate (contractors)	0.12	0.11
Percentage of turnover from activities certified under the ISO 9001 standard (%)	45.9%	43.2%
Investments and expenses of the Quality Control Department or earmarked to improve quality management processes to turnover (excluding staff costs, millions of euros turnover)	0.81	1.31
Number of quality audits per million euros of billings	0.46	0.38
Investment R & D (million euros) (1)	36.45	27.49

(1) Scope of data in 2021 and 2022 of 21.0% and 19.4%, respectively.

As much as possible, the information included in this Non-Financial Statement has been organised in such a manner to allow stakeholders to interpret the changes experienced by the ACS Group with respect to previous years. For the sake of comparability of the data, where possible, certain 2021 data were recalculated with the same scope as the data reported in 2022, and in those cases in which the data could not be recalculated retroactively, the historical data is provided for information purposes.

The scope of the information included in this NFS is shown specifically for each indicator in point 7.3.6. Given the Group's size and diversification (in terms of both geography and sector), there may be changes in the information reported from the previous year as a result of changes in scope (see Annex 7.3.6) or changes in the format of a report to adapt them to national and international requirements.

5.1. ENVIRONMENT

ACS Group Environmental Policy

The ACS Group integrates efficient resource management and environmental protection into its business objectives, operating under the principles of precaution and conservation of the natural environment to minimise the impact of its operations. Likewise, due to the climate emergency, the ACS Group aims to contribute to the transition to a low carbon economy by promoting products and services that have a smaller impact on the environment and improving the efficiency of processes in its activities.

As a result of these commitments, the company has defined an environmental management framework comprising the Group's Environmental Policy, approved by the Board on 14 November 2018 and updated on 28 July 2022, which is articulated by the different management systems implemented in the Group companies.

For this reason, the main environmental measures implemented by the ACS Group companies are governed by the basic principles of action developed in the policy. These guidelines are flexible enough to accommodate the specific procedures and mechanisms of each of the Group companies. The commitments established in the Environmental Policy are:

1. Compliance with applicable legislation and regulations, and other commitments voluntarily accepted by each of the Offices, Delegations, Projects, Works and Services performed by 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 that minimize as much as possible the environmental impact as much 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 stakeholders, meeting 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, customers and other stakeholders.

The company's environmental policy in the Group's companies is implemented through the environmental management systems, which ensure the correct management of environmental risks and opportunities, and the ongoing improvement of the company's performance.

89.6% of the Group's turnover is generated by companies that have management systems certified under the ISO 14001 standard. The Group applies the principle of precaution through these certifications. Likewise, the environmental management systems are verified by an external third party in companies representing a 94.6% the Group's turnover and, in 2022, 877 environmental audits.

Due to the Group's activity, it the consumption of natural resources, generation of greenhouse gas emissions, production of waste and the possible impact on biodiversity have been identified as key areas in the management of the company.

Level of implementation of the environmental management systems in ACS Group companies (expressed as % of operations)	2021	**2022**
Implementation of ISO 14001 certification	87.1%	89.6%

5.1.1. THE FIGHT AGAINST CLIMATE CHANGE

Concern about the risks arising from climate change requires Governments and companies to be involved in contributing to a production and consumption model that is less carbon intensive, and the promotion of infrastructures and services that support the decarbonisation of the economy.

As a global company, the ACS Group is aware of the important role it can play in the fight against climate change. Therefore, the ACS Group has established as part of its Sustainability Master Plan targets the promotion of energy efficiency and the reduction emissions in its business activities, and being a leader in the transition to sustainable infrastructure.

The basic principles governing the Group's actions in this area are included in the Group's Environmental Policy and focus on:

- Considering and assessing the climate change impacts of its activities, products and services.
- Minimising energy consumption and the emission of greenhouse gases generated by its activities.
- Establishing greenhouse gas emission reduction targets aligned with the latest trends and standards.
- Establishing mechanisms to manage the use of energy and emissions, to objectively measure performance and decision-making.
- Identifying opportunities to promote environmentally-friendly products and services, adapted to the potential impacts of climate change and that contribute to the transition to a low-carbon economy.

In 2022, the Group continued to develop its reporting model to be able to communicate information on risks and opportunities related to climate change. All of this following the recommendations of the Task Force on Climate-Related Financial Disposals (TCFD), through the identification of the main risks and opportunities arising from climate change, considering different scenarios and future projections of international organisations. The aim is to continue making progress on the quantitative and qualitative reduction targets established in the Master Plan for the short, medium and long term.

GOVERNANCE

The Board of the ACS Group, as the highest governance body, is responsible for overseeing the overall climate change strategy. Through its functions, it approves the development of the policies required to meet the climate challenges of the business, leaving the Group companies responsible for developing their own management mechanisms depending on the type of activity and geographic area.

In addition, the ACS Group's Audit Committee is responsible for monitoring aspects related to climate change, as it has been given the function of supervising internal regulations, which includes the Sustainability Policy and the Environmental Policy, and managing financial and non-financial risks. The Committee's responsibilities include the ongoing review of the implementation and development of the Group's Environmental Policy, of the action plans, procedures and improvement programmes implemented by the Environmental Department of each one of the Group's divisions, with a special focus on climate change issues.

Within the 2025 Sustainability Master Plan, the Group's governance structure was adjusted to the higher sustainability requirements, strengthening governance. In July 2022 a modification to the Environmental Policy was approved, which established that to ensure that the commitments made in the Environmental Policy, including those related to climate change, govern the activity along its global value chain, the ACS Group agreed to follow the procedures defined in its Corporate Protocol on Due Diligence in the field of Human Rights in those aspects related to respect for and protection of the environment.

STRATEGY

To meet the challenges of the climate crisis, the ACS Group has given these issues more importance in the Group's governance and management model. In addition to the basic principles of action included in the Group's Environmental Policy, the approval of the Group's Sustainability Policy defines the fight against climate change, a principle that is also stated in the Sustainability Master Plan 2025. This Plan was approved by the Board on 16 December 2021 to establish the priorities, commitments, strategic lines and targets of the ACS Group in relation to climate change. All this in order to anticipate and manage the risks arising from climate change, and to identify new opportunities with the development of new sustainable environmentally friendly solutions, and to maintain the Group's commitment to the targets established in the Paris Agreement, that set the goal of reducing greenhouse gas emissions to limit the increase in global temperature in this century to 2°C and strive to limit this increase to only 1.5°C, that latter being the current reference framework.

Thus, within the 2025 Sustainability Master Plan, the ACS Group has set itself three basic strategic lines in relation to its commitment to "Move forward climate neutrality to 2045":

- Implementing a climate strategy to move this climate neutrality forward to 2045.
- Advancing in the measurement of the carbon footprint and reducing scope 1 and 2 emissions by 2025.
- Strengthening the management of the risks arising from climate change through the implementation of international methodologies.

Each of the ACS Group companies is working on various initiatives and measures that help the Group follow this strategy and achieve these global targets set in the 2025 Sustainability Master Plan and following the guidelines set in the Group's Environmental Policy.

The ACS Group also has a risk management system that integrates financial and non-financial risks, including the risks associated with climate change. The analyses arising from the risks to which the company is exposed are considered in both the company's decision-making and in the design of the ACS Group's strategy. For this reason, ACS has a strategy that allows it to operate in such a way as to ensure the resilience of its activity in the short, medium and long terms.

MANAGEMENT OF RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

To respond to the need for global and standardised risk management, the Corporate Unit has established a model which includes the identification, assessment, classification, valuation, management and follow-up of risks at the Group and operating division levels. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group's areas of activity.

Thus, the ACS Group's Risk Management System identifies, evaluates and updates the various risk scenarios using the categories of financial and non-financial risk to which the Group is exposed. Likewise, the ACS Group has a General Risk Map which is regularly updated, in which risks related to climate change have been identified based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches.

Therefore, as part of its commitment to continuous improvement, during this year the Group has deepened its analysis and assessment of the most significant risks and the identification of the opportunities of the ACS Group, based on the the previous year's report in which an initial identification and assessment of the most significant risks that may have implications for the company was performed. The following is a summary of the methodology, the identification and the assessment of the main risks and opportunities identified for the ACS Group in relation to climate change. The full analysis was presented by the ACS Group's Audit Committee at its meeting held on 27 February 2023. The recommendations of the Task Force on Climate-Related Financial Disposals (TCFD) were followed to report risks and opportunities related to climate change.

Definitions

Climate change risks can be classified into physical risks and transitional risks.

- Physical risks arise from the physical effects of climate change. They are considered acute if they arise from specific weather events and chronic if they arise from more progressive changes in climate patterns.
- Transition risks are the risks arising from adapting business models to a decarbonised economy. These risks are interconnected and their identification is important for stakeholders, especially investors, since inaction against these risks may have operational and financial consequences. These risks include legal, technological, market risks and reputational risks.

Climate opportunities arise both from the transition to a low-carbon economy and from adaptation to physical risks. These opportunities can be classified into five categories: opportunities related to energy efficiency, adoption of low-carbon energy sources, development of new products, access to new markets and resilience through the supply chain.

Scenarios and time horizons

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

For physical risks, the scenarios SSP2-4.5 and SSP5-8.5 used by the Intergovernmental Panel on Climate Change (IPCC) in its latest assessment report (AR6) were taken as a benchmark. The SSP2-4.5 scenario is a combination of the RCP4.5 scenario, which includes an average evolution of greenhouse gas concentrations in the atmosphere and the resulting increase in the overall average temperature of 2.1ºC between 2041 and 2060, and the SSP2 scenario, in which climate change mitigation rather than adaptation is favoured. The SSP5-8.5 scenario is a combination of the RCP8.5 scenario, which includes a high evolution of greenhouse gas concentrations in the atmosphere and the resulting increase in the overall average temperature of 2.6°C between 2041 and 2060, and the SSP2 scenario, in which climate change mitigation rather than adaptation is favoured. The time horizon analysed for physical risks was updated using the time horizons determined by the IPCC:

- (2021 - 2040) corresponding to the short and medium term reported in the 2021 Integrated Report.
- (2041 - 2060) corresponding to the long term reported in the 2021 Integrated Report.
- (2080 - 2100).

For transition risks and opportunities, the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The STEPS scenario is based on current policies and explores its consequences for climate change. The NZE scenario is based on the result of limiting global warming to 1.5°C and includes the policies necessary to meet this objective. The following time horizons have been updated for transition risks, using the transition scenarios analysed:

- (2022 - 2035) corresponding to the short and medium term reported in the 2021 Integrated Report.
- (2036 - 2050) corresponding to the long term reported in the 2021 Integrated Report.

Methodology

To identify and assess the specific risks and opportunities related to climate change, a structured methodology was applied in the following phases:

1. Comprehensive analysis of the documentation: internal and external, including the review of the risks identified in the previous year.
2. Identification of potential risks:
    - Taking the list of physical hazards in the EU Taxonomy and the recommendations of the TCFD as a reference for physical risks.
    - Taking the recommendations of the TCFD as a reference for transitional risks.
3. Semi-quantitative assessment of the potential risks identified:
    - The analysis for physical risks was based on the scenarios and time horizons considered and and on the three main risk components: exposure, vulnerability and hazard:
        - "Exposure" assesses the locations that could be negatively affected by a physical hazard arising from climate change.
        - "Vulnerability" assesses the probability of being negatively affected by a physical hazard arising from climate change.
        - "Hazard" assesses the impact or extent of the damages and losses caused by a physical hazard arising from climate change
        - The initial data for the exposure levels were taken directly from the CMIP6[2] while the risk and vulnerability analysis was performed qualitatively, based on a review of scientific literature, relevant publications and the input of the main ACS areas.
    - A qualitative assessment of the probability and impact components was performed for risks and transition opportunities.
        - Probability of materialisation of the risk/ opportunity based on the scenario and time horizon considered.
        - Potential financial or reputational impact or impact on operations of risk, depending on the scenario and time horizon considered.
        - The impact and probability analysis was performed qualitatively based on the review of scientific literature, relevant publications and the input of the main ACS areas.

The identification and assessment of climate risks and opportunities was performed globally for the three main ACS business divisions. The qualitative assessment of the components of each physical risk was performed with a scale of 5 levels: very low, low, medium, high and very high. Exposure was calculated based on the climate projections of climatic variables associated with each physical hazard and each scenario and time horizon.

The most significant risks classified based on their risk level are presented in the following tables. Physical risks were aggregated by type, taking into account the relative importance of each geography and business division.

[2] Sixth Coupled Model Intercomparison Projects (CMIP6), the latest project to intercompare coupled climate models used by IPCC (IPCC, 2021)

Assessment of the main physical risks				
Risks	**Description**	**Potential impact**	**Scenario analysis**	
Increase in the severity and frequency of weather events (acute)	Climate change is expected to affect the magnitude and frequency of extreme weather events: - Increased overall average temperature would mean higher intensity of strong precipitation. - Increase in magnitude and frequency of expected strong precipitation at the global level could lead to an increase in the frequency and magnitude of floods. - Climate change will foreseeably amplify the impact of cyclones on regions where ACS operates. - An increase in the impacts caused by storms or tornadoes in regions where ACS operates is also possible.	Extreme weather events can cause: - Direct losses due to material damage to the structure of the construction works, which may lead to an increase in maintenance and repair costs. - Disruptions and delays in construction work may lead to a loss of income. - Safety issues, including hazardous conditions for workers. This may lead to an increase in spending on safety and prevention. - The non-operability of certain infrastructures, causing a decrease in income from concessions.	2021-2040	SSP2-4.5
			2041-2060	SSP2-4.5
			2061-2100	SSP2-4.5
			2021-2040	SSP5-8.5
			2041-2060	SSP5-8.5
			2061-2100	SSP5-8.5
Extreme weather events related to temperatures (acute)	Climate change is expected to affect the magnitude and frequency of extreme climate events related to temperatures: - Climate risk of forest fires is increasing worldwide due to global heating. In the highest heating, the magnitude and frequency of forest fires are expected to increase in a alarming way. - Heat waves are expected to increase in duration, intensity and frequency in most regions in the world. - Cold waves could be more frequent and intense in certain regions where ACS operates despite the overall increase in minimum temperatures.	Extreme weather events related to temperatures can cause: - Direct losses due to material damage to the structure of the construction works, which may lead to an increase in maintenance and repair costs. - Disruptions and delays in construction work may lead to a loss of income. - Safety issues, including hazardous conditions for workers. This may lead to an increase in spending on safety and prevention. - The non-operability of certain infrastructures, resulting in a decrease in income from concessions.	2021-2040	SSP2-4.5
			2041-2060	SSP2-4.5
			2061-2100	SSP2-4.5
			2021-2040	SSP5-8.5
			2041-2060	SSP5-8.5
			2061-2100	SSP5-8.5
Disruptions in the supply chain caused by extreme weather events (acute)	Increased frequency and intensity of extreme weather events may stop the activity of material producers or cause impediments to the transport of them: - Extreme weather events affect transport infrastructure, causing problems in the movement of goods. - The negative economic impact is passed along the supply chain, transferring physical risks between sectors and borders. - Indirect effects through the supply chain and transport and electricity networks can be as important as direct effects.	Increased frequency of supply chain disruptions caused by extreme weather events would entail: - Disruptions in construction works, which may lead to delays causing profit losses. - Increase in the price of certain materials due to disruptions in the supply chain, resulting in higher costs.	2021-2040	SSP2-4.5
			2041-2060	SSP2-4.5
			2061-2100	SSP2-4.5
			2021-2040	SSP5-8.5
			2041-2060	SSP5-8.5
			2061-2100	SSP5-8.5

Code

Very high risk	High risk	Average risk	Low risk	Very low risk

Assessment of the main risks transition

Risks	Description	Potential impact	Scenario analysis	
Reputational damage caused by climate change (reputational)	The growing awareness of climate change in society can lead to poor public opinion of the company and the sector: - As decarbonisation progresses, the focus of public opinion may shift towards the construction sector. - The construction sector still has great potential to reduce its emissions. In particular, buildings have an important role in mitigating climate change. - The financial sector could penalise carbon-intensive sectors that do not show adequate ambition for climate change or that do not meet their climate targets.	Reputational damage caused by climate change could entail: - Reduced project concession. - Increased difficulty in attracting talent. - Reduced access to financing.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
Increase in borrowing costs (market)	The ecological transition can significantly affect the cost of financing: - Financiers are subject to increasing pressure at the regulatory and reputational level to decarbonise their investment portfolio, moving this pressure to the companies in which they invest. - The EU Taxonomy framework may encourage changes in the notions of private investments towards activities that substantially contribute to environmental objectives. - Climate aspects have greater influence when redirecting investment flows or to obtain better credit conditions.	An increase in borrowing costs would entail: - Increased difficulties in implementing certain projects. - A loss of overall profitability in the various activities affected. - Loss of competitiveness in the event of unfavourable relative positioning.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
Increase in prices or decrease in insurance coverage (market)	While extreme weather events increase in frequency, it is expected that they will have a greater impact on insurance companies: - There is an increasing risk that insurance will not cover natural disasters and extreme weather events related to climate change. - Damages caused by climate events are an obstacle to the profitability of the offered policies.	Increase in prices or decrease in insurance coverage would mean: - Increase in insurance contracting costs, which could reduce the profitability of the projects developed. - Increased exposure to the physical risks of climate change, which could entail greater economic losses in the future.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
Increase in the price of greenhouse gas emissions (regulatory)	Emissions or carbon tax trading schemes are tools increasingly used by regulators to decarbonise the economy: - The current trading schemes could be extended to other sectors indirectly affecting ACS, as was the case with the European trade scheme with fuel suppliers in the building and transport sectors. - Emissions or carbon tax trading schemes could be applied in the construction sector that directly affect ACS transactions. - Emissions trading schemes lead to a progressive increase in carbon price. This increase is higher in a global decarbonisation scenario.	An increase in the price of greenhouse gas emissions might entail: - Increased project cost through carbon taxes or other mandatory mechanisms. - Higher cost of offsetting carbon emissions on a voluntary basis.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
Regulation of project specifications and services. (regulatory)	The energy transition may involve changes in project specifications, arising directly from regulation or indirectly through the decarbonisation needs of end customers: - Public procurement can integrate anti-climate change criteria, such as emission reduction and carbon footprint, into its performance catalogue. - Management may require its contractors to publicly disclose climate-related information, such as their decarbonisation targets and climate risks.	The response to the new legal requirements could entail: - A general reduction in the profitability of the business model due to the adaptation of production processes and the value chain to the new specifications. - Loss of profit margin in construction projects.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
Increase in the cost of raw materials (market)	Effective climate change policies and investments in low-carbon technologies could increase the price of raw materials: - In a global decarbonisation scenario, there is a greater risk that fossil fuel prices will increase. - Increased energy cost or a greater effort to decarbonise production processes could increase the prices of Construction materials such as cement and steel. - The placement on the market of substitutes of low-carbon construction materials could make them more expensive.	An increase in the cost of raw materials might entail: - A reduction in the profitability of certain projects. - Loss of competitiveness in the market. - Low supply of low-carbon raw materials that could reduce ACS' ability to respond to calls for tenders with these criteria.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS

Code

Very high risk | High risk | Average risk | Low risk | Very low risk

Assessment of the main opportunities				
Opportunity	**Description**	**Potential impact**	**Scenario analysis**	
Expansion of the market to construct climate change adaptation solutions (market)	Considering the possible impacts of climate change on the future: - The governments of most countries have designed plans to adapt to climate change, which is expected to increase the mobilisation of public and private resources to finance structures and services for adaptation. - Achieving resilience in key infrastructures such as roads, buildings, water, airports, etc. will be necessary.	The need to develop infrastructure resilient to climate change can lead to the following opportunities: - Increased need to construct/develop infrastructure and buildings that contribute to adaptation to climate change. - The need is expected to be global and not only would the number of potential projects increase, but it could also lead to an opportunity to reach new markets/countries	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
New opportunities related to the electrification of the economy (electricity transport, battery construction) and renewable energy (market)	The deployment of renewable energy and the electrification of the various sectors could involve: - Connecting these new energy sources with companies and consumers will require significant improvements to the existing energy infrastructure. More intelligent and more responsive networks are necessary to ensure that clean energy is sufficiently reliable and flexible to meet future demand. - Storage deployment will also be required and a significant increase in battery development is expected. - In Spain, the increase in renewable energy would increase the added value of the construction sector significantly (from EUR 1,920 million in 2021 to EUR 2,995 million in 2030 as a result of investments in housing refurbishment and the deployment of all the infrastructures necessary to deploy renewable energy or electric cars).	The increasing deployment of renewable energy sources and the commitment to the electrification of the economy could open up opportunities such as: - New projects/tenders to construct the infrastructures for the expected deployment of renewable energy and the electrification of other economic sectors/activities. - Partnerships for R&D development, positioning the Company in new markets and countries.	2022-2035	NZE
				STEPS
			2036-2050	NZE
				STEPS
Other opportunities identified	Other opportunities identified that could potentially have a significant impact on the Company are: - New opportunities related to the decarbonisation of the transport sector (railways, public transport systems) - Construction/renovation of water infrastructure - Increase in demand for the refurbishment of buildings with energy efficiency criteria - Actions to improve operational efficiency (reduction in water and energy use, innovation in product cycles...)			

Code

Very high opportunity | High Opportunity | Average opportunity | Low Opportunity | Very low opportunity

The ACS Group bases the Risk Control System on a range of strategic and operational actions to mitigate these risks and meet the objectives set by the Board. Therefore, as regards the risks related to climate change, the main risk management and mitigation measures are determined by the commitments and basic guiding principles defined in the Group's Environmental Policy and in the strategic lines and objectives set out in the ACS Group's 2025 Sustainability Master Plan, which include:

- Implementing a climate strategy to move climate neutrality forward to 2045.
- Reduction in scope 1 and 2 emissions by 2025 and 2030, and progress in measuring scope 3 emissions.
- Strengthening the management of the risks arising from climate change through international methodologies.
- Preventing and minimising environmental impacts through the objective of zero environmental incidents with severe damage and increasing environmental management systems certified under ISO 14001.
- Adapting the Group's governance structure to the highest sustainability requirements.
- Strengthening internal/external communication.
- Taking advantage of the new forms of sustainable financing provided by the market.
- Anticipating and complying with regulatory requirements and better reporting standards.

Similarly, the analysis performed in 2022 identified the main measures to adapt to the physical risks arising from climate change that should be implemented in the ACS Group's main lines of activity.

ACS Group Environmental Policy

Details of the Sustainability Master Plan 2025

The ACS Group's leadership position in the infrastructure sector, and the actions performed by the various ACS Group companies in the fight against climate change, means that the Group is also well positioned with a competitive edge to take advantage of the opportunities arising from climate change mitigation and adaptation activities.

In regard to the opportunities identified, the ACS Group has consolidated experience in the development of environmentally friendly products and services, adapted to the impacts of climate change and contributing to the transition to a low-carbon economy. In 2022 the projects managed by the ACS Group in Green Building and Green Infrastructure reached the 12.935 million euros in 2022 (compared to 10,763 millions of 2021) and represent 41.2% sales of ACS Group Construction.

One of the strategic lines in the ACS Group's Sustainability Master Plan is to guide the provision of sustainable solutions (design, materials, mitigation/adaptation to climate change, etc.) in the projects performed by the Group, including the goal of achieving 45% of infrastructure sales in projects with sustainable certification in 2025.

The ACS Group also participates in the development of innovative applications in the field of transport, energy storage and mobility, and in the use of more efficient construction materials and processes within the framework of the fight against climate change.

Thanks to the overall positioning of the ACS Group, its solid track record, together with the local presence in key developed markets, the ACS Group is also in a position of competitive advantage to maximise the opportunities offered by certain key and highly growing sectors such as the construction of the infrastructure necessary for the energy transition that includes the battery manufacturing capacity for large scale electric vehicles or for the electricity supply and the development of new energy projects. Examples of the implementation of this growth strategy in new generation markets are the awards achieved by the Group in the last 12 months, such as the battery power plant for Honda and LG Energy in Ohio (US), the project to construct a battery recycling factory amounting to approximately US $1,000 million in Kentucky (US) and the installation of a high-voltage infrastructure and a battery energy storage system provided by Tesla in Queensland (Australia) together with a solar park on the same site, which will allow stored energy to be transmitted to the electricity network from early 2025, among other examples.

3.1. Construction

Similarly, the data obtained by the ACS Group in an initial EU taxonomy analysis show that activities are performed in key sectors identified by the European Commission as contributing to the transition towards a low-carbon economy and society.

5.11 Taxonomy of the European Union

TARGETS AND MONITORING INDICATORS

To effectively monitor the commitment taken on by the ACS Group in relation to climate change, GHG emissions are monitored at all of the Group's levels. In fact, it is increasingly common among the Group companies to have their own carbon footprints certified by an independent external party.

The methodology for calculating the carbon footprint is in the process of continuous improvement and the ACS Group, adhering to its 2025 Sustainability Master Plan, is improving the scope and quality of the data reported, especially in emissions of scope 3. In 2022 the ACS Group continued to standardise the processes and standards for their collection and reporting, which entails, where possible, restatement of previous years to show the same scope and methodology.

In 2022, the upturn in ACS Group activity lead to an increase in emissions of scope 1 and 2 in absolute terms of 1.8%. However, in relative terms, this is the generation of issues as regards the sales level, the level of intensity of the emissions in scope 1 and 2 is in 15.6 EUR tCO2eq/mn in 2022 as regards 18.6 EUR tCO2eq/mn in 2021, which implies a reduction by 16.0%

It is very important to consider that, given the size and diversification of the ACS Group, the evolution of the Group's activity itself, the mix of projects developed in the year, and the stage of the large projects, may significantly affect the year-on-year performance of the issues in absolute terms. However, all ACS Group companies are taking initiatives to consolidate the trend of reducing the emissions generated in the various activities and to achieve, despite the changes in activity, the targets set in the Group's Sustainability Master Plan for the short, medium and long term, as demonstrated by the 28.7% reduction in scope 1 and 2 emissions compared to 2019[3].

Regarding scope 3 emissions, the ACS Group companies made a significant effort in reporting to include in this category in 2021 and 2022, the emissions generated through employee travel, in the consumption of construction materials, in the treatment of waste and other emissions identified in the value chain. The increase in scope 3 emissions in 2022 is due, on the one hand, to the increase in activity, which entails greater consumption of materials, travelling again after the restrictions during the pandemic and advances in data collection.

[3] For the sake of comparability, all data presented under this heading have been restated to show the same scope of consolidation and calculation methodology as in 2022

The evolution of the calculation of emissions in the last four years of the ACS Group is included below. For the sake of comparability, all data presented under this heading have been restated to show the same scope of consolidation and calculation methodology as in 2022.

CO2 emissions (TCO2eq) (1)	2019	2020	2021	2022
Total ACS Group	**3,255,088**	**2,371,245**	**3,996,573**	**4,703,532**
Scope 1 (2)	532,412	391,217	381,261	389,195
Scope 2	184,456	115,173	120,294	121,602
Scope 3 (3)	2,538,219	1,864,855	3,495,018	4,192,735
Emissions intensity (tCO2eq/mn € sales)	**107.9**	**88.6**	**148.2**	**143.9**
Scope 1 (2)	17.6	14.6	14.1	11.9
Scope 2	6.1	4.3	4.5	3.7
Scope 3 (3)	84.1	69.7	129.6	128.3

Note: Data shown excluding Industrial Services, following its sale in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its equity-accounted consolidation in 2021.

	2020	2021
Construction: total emissions	**3,787,036**	**4,375,754**
Scope 1 (2)	360,060	367,858
Scope 2	117,478	120,935
Scope 3	3,309,498	3,886,961
Emissions intensity (tCO2eq/mn € sales)	149.4	141.4
Concessions: total emissions	**2,261**	**2,122**
Scope 1	2,134	1,907
Scope 2	78	128
Scope 3	49	87
Emissions intensity (tCO2eq/mn € sales)	25.6	23.4
Services: total emissions	**207,276**	**325,656**
Scope 1	19,067	19,431
Scope 2 (4)	2,738	539
Scope 3	185,471	305,687
Emissions intensity (tCO2eq/mn € sales)	135.7	197.6

(1) For the calculation of Scope 1 emissions, the conversion factors provided by Defra (Department for Environment, Food & Rural Affairs) for the different types of fuels reported in the report have been taken as a general reference. For Scope 2, the conversion factors provided by Carbon Footprint for the different geographical areas are taken as a general reference. In Scope 3 within the employee travel conversion is calculated using Defra's conversion factors for each type of transport as a reference.

(2) Construction includes HOCHTIEF and Dragados. HOCHTIEF includes all companies under operational control (excluding construction JVs). In HOCHTIEF, natural gas consumption is not included in the calculation of emissions in 2019 and 2020, as 2021 was the first reporting year.

(3) Scope 3 emissions include in 2021-2022 emissions concerning supply chain, waste management, employee travel and others. In 2019-202O only employee travel and supply chain emissions were included in HOCHTIEF.

(4) The reduction of Scope 2 emissions in Services is due to the purchase of renewable electricity with a guarantee of origin.

In addition to the emissions generated through its operating business, the ACS Group has shares in different companies, with the most significant being: Abertis (30% share through the ACS parent and 20% through HOCHTIEF) and Thiess (50% share through Cimic).

Seeking to advance in the the calculation and scope of indirect emissions, the ACS Group reported for the first time the greenhouse gas emission indicators (scope 1, 2 and 3) of its main financial investments that are consolidated in the ACS Group due to their equivalence.

The emissions data presented here correspond to Group's proportional share in terms of its percentage of contribution to operating profit. These emissions are not being included in the scope 3 operational emissions previously reported, to avoid distortions in the intensity ratios.

GHG Emissions Abertis (tCO2eq)	2022	
	Total reported	% stake ACS Group
Scope 1	46,715	23,358
Scope 2	34,183	17,092
Scope 3	687,286	343,643
Total	**768,184**	**384,092**

The ACS Group has an ownership interest of 50% in Abertis at the operating level. The emissions shown here are presented in accordance with this percentage of contribution to operating profit and are calculated based on the data published by Abertis in its Consolidated Annual Report 2022 (https://www.abertis.com/es/el-grupo/informacion-financiera/informe-anual).

GHG Emissions Thiess (tCO2eq)	2022	
	Total reported	% stake ACS Group
Scope 1	2,150	1,075
Scope 2	2,810	1,405
Scope 3	2,965,800	1,482,900
Total	**2,970,760**	**1,485,380**

Cimic owns a 50% stake in Thiess. The emissions shown here are presented in accordance with this percentage contribution to operating profit and are calculated based on data published by Thiess in its Sustainability Report 2022 (https://thiess.com/es/sustainability).

The ACS Group will continue to work to expand the reporting of scope 3 emissions, including improvements in measurement and relevant categories so that quantitative reduction targets can be set in 2025 at 2030.

In 2022, the various ACS Group companies worked on various initiatives adapted to their activity to achieve the other targets set by the Group in relation to climate change in the 2025 Sustainability Master Plan related to:

- Implementing a climate strategy to move climate neutrality forward to 2045
- Reduction of scope 1 emissions by 35% in 2030, with an intermediate reduction target of at least 15% by 2025.
- Reduction of scope 2 emissions by 60% in 2030, with an intermediate reduction target of at least 30% by 2025

INITIATIVES TO REDUCE EMISSIONS

Clece remains strongly committed to sustainability and energy efficiency, implementing various consumer savings measures and minimising our carbon footprint. The various actions include:

- Carbon Footprint: Certification of 21 Stamp and Subsidiaries companies adhering to ISO 14064-1: 2018 of Carbon Footprint, including categories 3.4, 5 and 6.
- Solar Energy: Installation of photovoltaic panels in several sites, with a total of 810 kW installed. This will result in estimated savings of 1,157,227 kWh and a reduction in emissions of 358 tonCO2.
- Biomass: Installation of 2 thermal power plants with Biomass boilers. One at the San José de Bárcena nursing home, and one at the Residencia Baño Salud nursing home This will lead to a reduction in emissions of 319 tonCO2.
- 100% of lighting in the Clece Vitam HQ offices (20) and private residences is LED lighting. Ending this year with the Integra offices in Madrid.
- 98% of electricity consumption comes from renewable energy sources.
- In the last quarter, some main offices were closed on Fridays with the aim of reducing energy consumption. In addition, the standard temperature have been adjusted and air conditioning and heating schedules timetables have been rationalised, achieving savings of 107,712 kWh in the last quarter of the year, which represents an average saving of 27% compared to 2021.
- 18 charging points for electric cars have been installed.
- Green Fleet: 30% of Clece's car fleet are ECO or CERO cars.

CAR FLEET ELECTRIFICATION AND OTHER REDUCTION INITIATIVES AT TURNER

Turner aims to convert its entire car fleet into electric vehicles. Since 2022, it has had thirteen fully electric vans, an initial milestone on the road to Scope 1 carbon neutrality. Turner also replaced 60 diesel generators with hybrid models with battery.

In a project in San Diego, California, Turner partnered with a battery supplier to test a system that optimises the size of the necessary generator, while reducing the total operating cost. A conventional 500 kW generator was replaced by a smaller 200 kW unit. The battery storage system was also replaced.

Several tower cranes were included in the pilot project, which made it possible to compare them directly with a conventional 500 kW machine.

Overall, the pilot project reduced operating time by 50%, resulting in 46% less fuel consumption and 39% less total emissions.

REDUCTION OF EMISSIONS OLYMPIA-ODOS MOTORWAY (HOCHTIEF PPP Solutions)

The Olympia-Odos highway, operated by HOCHTIEF PPP Solutions in Greece, reduced its carbon footprint by more than 25% between 2017 and the end of 2022.

The team implemented innovative programmes and continuously developed climate change mitigation and environmental protection measures. Initiatives include LED lighting, electric vehicles, hybrid tolls based on mileage and atmospheric water generation.

All the energy needs of the highway are met with renewable energy, reducing emissions by approximately 16,300 tons of carbon dioxide equivalent per year.

OFFSETTING EMISSIONS IN VIAS

In 2022, VIAS calculated the greenhouse gas (GHG) emissions associated with the exercise of its own works in 2021, had them verified by an accredited external entity and entered them in the Registry of carbon footprint, CO2 offsetting and absorption projects kept by the Ministry for the Environmental Transition and the Demographic Challenge,

VIAS achieved a 14.43% reduction in the average intensity of greenhouse gas emissions in the 2019-2021 period compared to the 2018-2020 period, for the 1+2 scope, fulfilling with its commitment to reducing GHG emissions.

In order to help mitigate climate change, VIAS offset 94.17% of the carbon footprint of its own works in scopes 1+2 (1.09% in a national reforestation project and 93.08% in an international hydropower project).

In this way, VIAS took another step to achieve carbon neutrality in the future of its direct and indirect GHG emissions from imported energy.

Some of the actions carried out by VIAS to reduce GHG emissions and the offsetting projects in which it participated are described below:

- Efficient driving courses. Techniques and habits to optimise fuel consumption.
- Purchase of green energy. Selection of marketers that produce 100% renewable energy, or obtaining guarantees of renewable origin, granted by the National Market and Competition Commission (CNMC).
- Reuse of excavated natural material and stone waste instead of recovering them outside the work site and providing material.
- Work site implementation of alternative solutions to the project solutions approved by the Customer which represent a reduction in emissions compared to the initial project solution. These actions were basically aimed at optimising construction materials and incorporating materials with low emissions throughout the product's life cycle.
- Use of electric and hybrid vehicles (gasoline-LPG, gasoline-CNG).
- Replacement in conventional lighting work with energy-efficient LED lighting.
- Pilot test in the execution of a residential building work consisting of replacing the standard power generation model (conventional generators) by a more efficient hybrid model of Battery Packs + Stage V generator with motorization. This average lead to a 51% reduction in fossil fuel consumption in the period considered.

In 2022, VIAS once again offset some of its GHG emissions through the absorption project, registered in the 'Section B' of the Carbon Footprint, Compensation and Absorption Projects Registry: Forest restocking at the CMVMC in Borela (Pontevedra).

Another measure taken by VIAS in 2022 to mitigate climate change is the offsetting of emissions through Certified Reductions of emissions (CERs), a process supervised and certified by the United Nations. This offsetting was made through the voluntary purchase of 1,530 certified emission reductions (CERs), equivalent to Tn CO2, of the "Hydropower Project in Uttarakhand" for greenhouse gas mitigation (GHG) implemented in India, a developing country within the framework of the Clean Development Mechanism (CDM). This project not only reduces greenhouse gas emissions, but also contributes to the sustainable development of the country where it is implemented, and is certified by the United Nations Framework Convention on Climate Change (UNFCCC).

In 2022, ACS Group companies performed actions to reduce GHG emissions, with an estimated emission savings of 19,906.8 of tonnes of CO2 in initiatives such as electricity supplies with a guaranteed renewable origin or vehicle replacement and substitution, as shown in this chapter.

The ACS Group has also committed to minimising emissions other than Greenhouse Effect Gases (GHG) emissions, taking into account other pollutant gases (NOx, SOx or ozone-depleting substances), noise emissions and other possible disturbances arising from the activity such as light pollution.

SUSTAINABLE CONSTRUCTION

One of the indirect impacts of the ACS Group's activity that can have the greatest impact on climate change is the operation of the infrastructure that is constructed. According to recent estimates published by A World Green Building Council, building and the construction sector represented 37% of carbon emissions from energy consumption and 34% of world energy consumption in 2021[4]. For this reason, the ACS Group promotes sustainable construction in its projects, following the main standards in this area.

Since 1999, 1,148 HOCHTIEF projects have been registered and certified according to different certifications in terms of efficient building and in 2022 183 projects under construction that applied for sustainable certification. By type of certification, in Turner's constructions, the LEED standard predominates, while CIMIC uses the Australian Green Star Methodology of the GBCA (Green Building Council of Australia) and LEED. The main certifications used by HOCHTIEF Europe are DGNB, LEED and BREEAM.

Since 2013, 60 projects have also been certified in terms of efficient infrastructure (CEEQUAL, ISCA and Greenroads) and in 2022 HOCHTIEF had 19 infrastructure projects applying for this type of certification in its portfolio. In 2017, Dragados also began to obtain certification for different construction projects certified under LEED and BREEAM, and over the last three years, the objective has been extended to infrastructure projects.

In 2022, through HOCHTIEF and its subsidiaries, the Green Building and Green Infrastructure projects managed totalled 11,806 million euros in 2022 (compared to 9,775 million euros 2021), while, in the Dragados Group, turnover of sustainable certification construction projects was 1,129 million in 2021 (compared to 988 million 2021). Thus, the consolidated sales figure for projects with sustainable certification in the Group's construction area amounted to EUR 12,935 billion in 2022, which represents an increase of 20.2% compared to 2021, amounting to 41.2% of the ACS Group's total Construction sales.

SUSTAINABLE HOCHTIEF CERTIFICATION CONSTRUCTION	2021	2022
Completed Green Buildings*	1,102	1,148
Certifiable Green Buildings		183
Completed Green Infrastructures* *	54	60
Certifiable Green Infrastructures		36

* Total number (since 1999) of Green Buildings completed by HOCHTIEF. In each case, the buildings certified at the end of the year are presented.

** Total number (since 2013) of Green Infrastructures completed by HOCHTIEF. In each case, the infrastructures certified at the end of the year are presented

Construction of sustainable buildings classified as Green Building allows emissions to be reduced, during the project execution phase (which is performed with sustainable materials, works contracts at regional level, etc.), and over the life cycle of the project. According to a study conducted by the US Department of Energy[5], buildings with LEED certification consume 25% less energy and 11% less water than conventional buildings, while Australia's Green Building Council indicates in a study[6] that Green Star certified buildings greenhouse gas emissions decreased by 62% and water consumption by 51%. In addition, and as mentioned above, in the ACS Group companies, one of the fundamental pillars of the R & D area is the development of new material projects. The ultimate aim is to identify materials that promote the resilience of the infrastructure in response to increasingly extreme weather events resulting from climate change, and the reuse of materials and better use to reduce the consumption of raw materials.

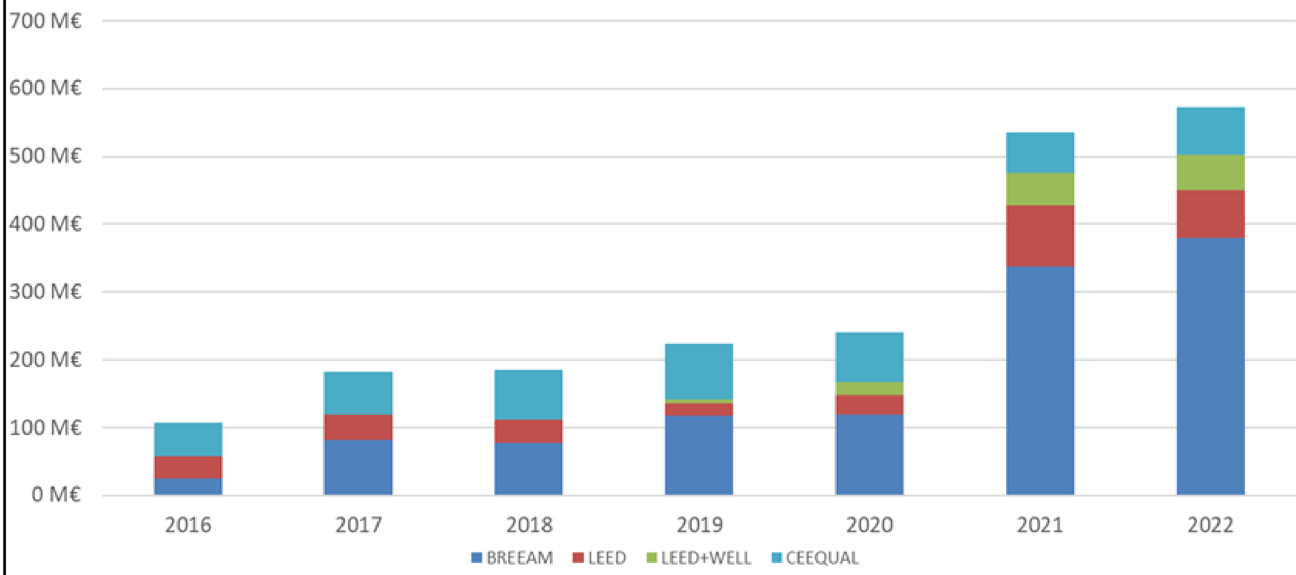
[4] Source: World Green Building Council, 2022 Global Status Report for Buildings and Construction
[5] Source: "Re-Assessing GreenBuilding Performance," September 2011.
[6] Source: 'The Value of Green Star,' 2013.

SUSTAINABLE CONSTRUCTION IN SPAIN AND THE UNITED KINGDOM

The number of projects, both construction and civil works, with some type of sustainable certification is growing year after year. In 2022, the Dragados Group had a total of 47 works in progress with LEED, BREEAM, WELL, ENVISION or CEEQUAL certification, the sales figure of which represented 21% of the Group's total sales.

The evolution of the sales of Dragados, S.A. in sustainable construction projects in Spain and the UK continues to grow, placing Dragados as one of the market leaders in this type of construction. It should be mentioned that construction of a hotel with an exceptional BREEAM certification began in 2022.

SUSTAINABLE CONSTRUCTION SALES IN DRAGADOS, S.A.
(SPAIN AND UNITED KINGDOM)



ENERGY CONSUMPTION

Energy is one of the main resources used by the ACS Group companies and, as part of the fight against climate change, the ACS Group is committed to energy efficiency and renewable energy. The Group's energy consumption is defined annually, to a large extent, based on the weight of the works performed during the year since, given the Group's high degree of diversification, there are activities with greater energy intensity. Energy consumption in 2022 decreased by 0.6% compared to the previous year.

Despite the increase in activity in 2022, the mix of projects and the measures performed by the various Group companies led to a reduction in energy intensity of 18.0%.

In 2022 the ACS Group companies consumed 57,978,910 kWh from renewable energy sources.

Energy Consumption (kWh)	2019	2020	2021	2022
Total ACS Group	12,669,431,610	1,663,427,356	1,863,998,130	**1,852,102,031**

	2021	2022
Construction	1,750,213,747	**1,748,249,532**
Concessions	7,300,361	**6,435,803**
Services	106,484,022	**97,416,696**
Energy Intensity ACS Group (kWh/mn Euros Sales)	**69,134**	**56,676**

Note: Since 2020, data restated for Industrial Services sale and Thiess' 50% participation

(1) In 2021 calculations of Hochtief's natural gas consumption are included for the first time

The different companies that form part of the ACS Group have developed investments and implemented measures to reduce energy consumption, with the implementation of LED lighting in the main projects, the implementation of systems to control and optimise consumption and the replacement of equipment with less energy intensive equipment.

USE OF HYPER PILES IN EUSTON STATION (DRAGADOS)

The high-speed railway project High Speed 2 (HS2) is a development in full operation throughout England. Its first phase of which starts in London (Euston Station) and ends in Birmingham (Curzon Station). Dragados and its partners were awarded the design and construction contract for both stations.

Temporary offices will be built for the entire duration of the project for the remodelling of Euston Station. This building (Maria Fidelis Building) will consist of 6 floors and a terrace (5,500 m2 housing up to 2,500 workers). An innovative foundation system called HIPER (Hollow Impressed Precast Energy Reusable) piles, "hollow piles", was used. This is the first time that they are used in a structure in use in the world. The shafts inside these piles will serve as a tool to obtain the energy to supply the building during its useful life (providing hot water for sanitary use and heating in the building).

The objectives of using this solution could be summarised as follows:

- Reduction of around 70% of the materials used with respect to conventional piles. An estimated reduction of 280 m3 of concrete and 17,500 kg of steel.
- Reducing the depth of the piles through impressions in the ground to increase shaft resistance (around 40% increase). In the specific case of Euston Station, the depth of the conventional piles envisaged was between 23 and 32 m, and the execution of HIPER Piles has involved piles between 16 and 22 m deep.
- Use of piles as a geothermal tool, the central shaft of which increases capacity by 60% if compared to conventional piles of pipes concreted on site, designed for this geothermal function.
- The possibility of drilling through this shaft in the future, being able to increase the capacity of the structure.
- Building these piles in prefabricated sections, which would give the possibility to reuse these parts when the building reaches the end of its useful life.

The last two objectives are very specific to the use that will be given in Euston Station HS2, as it is a building that will be in use for around 10 years.

Finally, for the foundation of the Maria Fidelis Building, a total of 41 on-site piles and 5 prefabricated piles were built.

Once the piles have been built, all the elements necessary for the operation of the geothermal part are installed. The first step is to fill the central shaft of the pile with water. The GSHP (Ground Source Heat Pump) system weights are then positioned at the bottom of the pile to place the ducts through which the water will be pumped, obtaining the geothermal energy necessary to heat the water of the future offices, which will also be used for heating.

This innovation was an important milestone for both the project and Dragados. Being part of the first installation in the world of this type of pile for a structure in use represents a great opportunity to continue advancing towards several objectives, such as the reduction in the use of materials, the associated cost, and a decrease in the depth of the pile through impressions on the ground. And, of course, the great environmental progress involved in reducing the use of concrete and steel, increasing geothermal capacity, and reducing consumption of other types of energy.

As regards execution in the works, the temporary building serves to identify different points for improvement, both in on-site and prefabricated piles, to improve efficiency in the works and continue to develop procedures for more sustainable construction.

USE OF POWER STORAGE SYSTEMS FOR TOWER CRANES

Turner and Aggreko partnered to build a piles system that eliminates the need to oversize the power plant of the tower cranes and reduces operating costs. The use of hybrid battery energy storage solutions (BESS) adjusts the size of the generators to perform heavy lifting and disconnects them during period with no loading. As part of the IQHQ RaDD pilot project, the conventional 500-kilowatt Tier-2 generator was replaced by a smaller Tier-4i power plant of 200 kilowatts and a 240 kilowatt/120 kilowatt hour BESS. The operating time was significantly reduced, which is equivalent to a 46% reduction in fuel consumption.

5.1.2. CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES AND WASTE MANAGEMENT

The promotion of a circular model that prioritises reducing and optimising the use of materials and efficient waste management is another one of the priority action areas of the ACS Group. Consequently, the ACS Group is working to:

- Minimise the impact to use of materials and waste management, taking into account the life cycle of projects and services.
- Promote the use of environmentally responsible materials adhering to the best practices outlined in the Group's Building Materials Policy.
- Give priority to operating models to reduce resource consumption and waste generation, in terms of both quantity and hazardousness.
- Contribute to extending the usefulness of resources, secondary products and waste through repair, reuse and recycling.
- Identify business opportunities to contribute to the circular economy through activities, products and services.

CONSUMPTION OF MATERIALS

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

To encourage the use of sustainable materials among the Group companies, the Group has a **Construction Materials Policy** that establishes guidelines and best practices.

MATERIALS POLICY

The ACS Group seeks to implement the following best practices in the process of recommending construction materials to clients in tendering processes in which it is 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.
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

For further information: Materials Policy

USE OF EARTH FRIENDLY CONCRETE (EFC) EUSTON STATION (DRAGADOS)

The Euston Station Dragados project in London, England is a prominent example of the implementation of Earth Friendly Concrete (EFC) .The project in which Dragados participated has used Earth Friendly Concrete (EFC) slabs that will support the polymer silos used for future piloting work in the northern part of Euston Station. Although the foundation is temporary, it will be in use for at least two years.

Low carbon geopolymeric Earth Friendly Concrete (EFC) is a sustainable alternative to traditional concrete that is becoming increasingly popular in the construction industry.

This type of concrete reduces greenhouse gas emissions due to the low amount of carbon embedded in the concrete. The Euston station project resulted in a total saving of 80 tons of CO2 during the manufacturing process.

The Earth Friendly Concrete (EFC) is a Wagners-patented geopolymeric concrete that contains a combination of ground granulated blast-furnace slag (GGBS), fly ash and a mixture of chemical activators that replace Portland cement. The development of a new mixture capable of providing the consistency and workability necessary to perform the transport and construction processes of the concrete has been a significant improvement in the field of commercial geopolymers. The geopolymer binder system reduces the carbon incorporated by around 70%, saving 250 kg of CO2 per cubic meter poured.

One of the main objectives of the Euston project is to reduce carbon emissions by 50% with respect to the original design. The use of a low-carbon concrete alternative to the use of concrete with Portland cement represents a pioneering sustainable solution to reduce CO2 emissions in the project, while offering mechanical and durability properties similar to Portland cement. Since it has greater resistance to compression, traction and greater durability, it makes it more resistant to erosion and cracking. This improves the overall resilience of the project to extreme weather events and natural disasters.

In recent years, the ACS Group made an effort to collect data and report on the consumption of the main materials used by the ACS Group, mainly due to infrastructure activity. In 2022, the reactivation of the activity increased the use of these materials. However, the Group continued to implement measures to ensure the efficient use of these materials in its activities, promoting their recycling and reuse, and the development of R & D projects focused on this objective.

Similarly, one of the commitments defined in the Sustainability Master Plan is to promote resource optimisation by promoting the durability of construction materials. To this end, the various ACS Group companies are promoting life cycle analysis in infrastructure and building projects through digitalisation and new technologies to improve efficiency in terms of the materials used and to improve their useful lives. In 2022, the ACS Group companies performed this life cycle analysis in 69 projects.

	Total used		% Recycled/ reused	
Construction Material	**2021**	**2022**	**2021**	**2022**
Wood (m3)	240,579	322,632	6.0%	4.4%
Steel (t)	659,411	854,477	48.5%	54.8%
Concrete (m3)	4,966,701	5,011,694	12.9%	16.6%
Aggregates (t)	9,165,434	11,646,977	10.0%	12.8%
Asphalt (t)	2,080,570	2,261,897	13.9%	36.5%
Cement (t)	700,736	692,397	4.2%	4.5%
Glass (t)	59,710	13,014	0.02%	0.02%

(1) During the year 2022, 10.4% of the total wood purchased was certified (1.2% PEFC certified, 8.9% CSA certified and 0.3% others)
(2) Percentage of recycled cement to reach data of 13% and 12.2% of total procurement expenditures in 2021 and 2022 respectively

USE OF RECYCLED ASPHALT PROJECT M80 IN SYDNEY AND HIGHWAY A6 IN GERMANY (HOCHTIEF)

CPB Contractors is using high-recycled asphalt in the M80 project. The improvement of the Sydney Road to Edgars Road section is the first segment of the Australian highway to use "Reconophalt", a road covering material manufactured from soft plastics, glass and toner that would otherwise be sent to landfills or stored.

After consulting with the customer, the recycled products were incorporated into all layers of the pavement. "Reconophalt", an Australian innovation, is composed of a high performance asphalt additive. Performance tests conducted on asphalt showed an improvement of up to 65% in its useful life, combined with increased resistance to deformation to support heavy vehicle traffic.

Similarly, HOCHTIEF used recycled asphalt in the A6 highway project in southern Germany. The team milled the asphalt of the old carriageway, crushed it in a mixing plant and reprocessed it. This allowed for a total of 500,000 metric tons of waste material to be reused, an outstanding example of recycling in practice.

WASTE PREVENTION AND MANAGEMENT

Waste management in the ACS Group prioritises recycling, reuse or other recovery operations over landfill disposal, to minimise as much as possible the waste generated when performing its activity. Specifically, the ACS Group is working to reintroduce the products used in the production process to enable them to be used again as raw materials, minimising the impact of the business on the environment.

The waste is managed by each of the Group companies adhering to the regulations in force in each country. The installations have the corresponding authorisations for producers of hazardous waste, which enable them to be recorded, inventoried, stored and managed. Based on the above prioritisation of waste management, the waste is handed over to authorised waste managers.

During 2022, a total of 15,900,096 tonnes of hazardous and non-hazardous waste were generated, representing an decrease of 15.2 % with respect to 2021.

The ACS Group has a strong commitment to the circular economy, prioritising the recovery and minimisation of waste not destined for landfill as the strategic line of the Sustainability Master Plan. In 2022 the rate of non-hazardous waste destined for recovery operations stood at 83.8%.This confirms the Group's efforts to prioritise recycling or reuse as opposed other waste disposal methods as a sign of its commitment to the circular economy.

Lastly, in 2022 an effort was made to report information related to waste in accordance with the most demanding standards, presenting the information broken down by method of disposal, if it is performed inside or outside the facilities, or providing for the first time a breakdown of the main waste generated by composition. It should be noted that in 2022 more than 50% of the waste generated corresponded to mineral waste (land/rock) resulting from the increase in the activity of projects with road tunnelling machines or railway projects.

	2019	2020	2021	2022
ACS Group				
Non-hazardous waste (t)	12,669,950	15,941,779	18,344,366	15,761,762
Hazardous waste (t)	130,343	358,311	400,892	138,334

*From 2020 onwards, data are shown excluding Industrial Services, following its sale in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021.

ACS Group Waste breakdown by activity	2021	2022
Construction		
Non-hazardous waste (t)	18,322,812	15,736,124
Hazardous waste (t)	400,744	137,558
Concessions		
Non-hazardous waste (t)	132	162
Hazardous waste (t)	10	2
Services		
Non-hazardous waste (t)	21,422	25,477
Hazardous waste (t)	138	775

ACS Group Waste breakdown by operations (t)	2021			2022		
	Onsite	Offsite	Total	Onsite	Offsite	Total
Hazardous waste (t)	**107**	**400,785**	**400,892**	**24**	**138,310**	**138,334**
Waste not for disposal per operation	**19**	**208,751**	**208,771**	**21**	**23,367**	**23,388**
Reuse	6	29,049	**29,054**	5	22,458	**22,463**
Recycling	14	179,619	**179,633**	15	419	**434**
Other recovery operations	—	83	**83**	1	491	**492**
Waste for disposal per operation	**88**	**192,033**	**192,121**	**4**	**114,943**	**114,946**
Incineration with energy recovery	—	13,738	**13,738**	—	57	**57**
Incineration without energy recovery	—	24	**24**	—	135	**135**
landfill	86	178,198	**178,285**	—	114,475	**114,475**
Other disposal operations	2	73	**75**	4	275	**279**
Non-hazardous waste (t)	**1,474,744**	**16,869,626**	**18,344,366**	**715,378**	**15,046,381**	**15,761,762**
Waste not for disposal per operation	**1,352,131**	**14,250,059**	**15,602,190**	**496,101**	**12,704,561**	**13,200,662**
Reuse	152,342	11,754,771	**11,907,113**	161,372	10,205,289	**10,366,661**
Recycling	1,180,616	2,238,099	**3,418,715**	290,508	2,138,176	**2,428,684**
Other recovery operations	19,173	257,189	**276,362**	44,221	361,096	**405,317**
Waste for disposal per operation	**122,613**	**2,619,567**	**2,742,181**	**219,277**	**2,341,820**	**2,561,097**
Incineration with energy recovery	—	56,023	**56,023**	—	2,295	**2,295**
Incineration without energy recovery	—	11	**11**	—	588	**588**
landfill	118,075	2,546,996	**2,665,071**	219,272	2,336,714	**2,555,986**
Other disposal operations	4,538	16,537	**21,075**	5	2,223	**2,228**

The ACS Group is beginning to collect the information on waste by composition. Information for 2022 is presented as there is no comparable data from 2021:

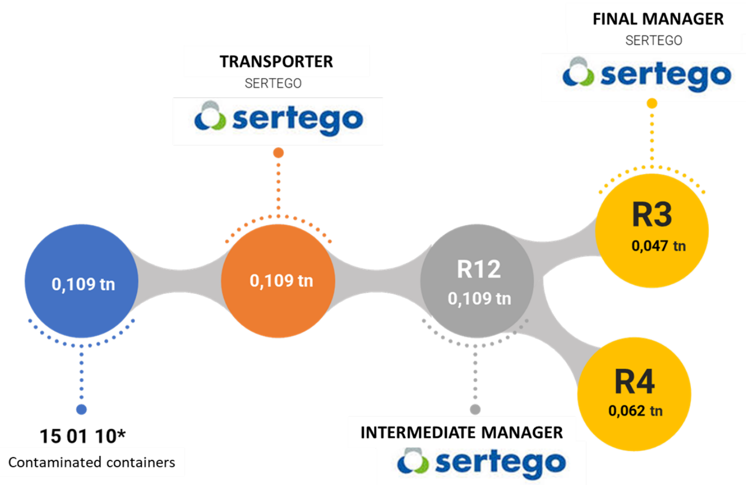
ACS Group Waste breakdown by composition (t)	2022		
	Waste non-directed to recovery	Waste directed to recovery	Waste generated
TOTAL	**2,676,043**	**13,224,050**	**15,900,096**
Mineral waste	1,828,123	7,539,646	9,367,768
Construction waste	298,585	757,807	1,056,392
Others	549,335	4,926,597	5,475,932

ZERO WASTE (DRACE GEOCISA)

Once the works to modernize the Sagunto Factory were completed and, taking into account the achievements and excellent results obtained in implementing the Waste Management Plan established in the verification and certification based on Zero Waste, with a verified recovery value of 98.86% of the waste generated in these works, it was agreed that the criteria and methodology implemented in these actions will be extended and developed to adapt and implement them in the normal activity of this site, which consists of the execution of various models of railway sleepers.

To this end, this process was initiated in 2021 with the update of the Waste Management Plan of the site and subsequent implementation of it, for which the waste inventory was identified and updated, as well as the various treatment operations for each of the waste generated, including the traceability to the final destination of all waste.

The following are examples with infographics of the quantities and processes used to process any of the waste generated:



In 2022, the verification audit was carried out to verify the results of the implementation of the Waste Management Plan, which recorded the milestone of a 99.77% percentage of waste recovered.

5.1.3. EFFICIENT AND RESPONSIBLE USE OF WATER RESOURCES

The ACS Group is aware of the importance of water in its activities. Through its Industrial Services business, which develops water desalination, drinking water treatment and filtering infrastructure, the ACS Group contributes to guaranteeing access to clean water and improving waste water quality.

The management and monitoring of these indicators allows the Group to identify those places where the use of water generates a greater impact on the environment, with the firm goal of performing its activity in a sustainable and environmentally friendly manner.

ACS Group Breakdown of water (withdrawal-discharge)	2021	2022
Total water withdrawn (m3)	**12,649,099**	**12,414,396**
Volume of water withdrawn from surface water (rivers, wetlands, lakes) (m3)	672,093	545,962
Volume of water withdrawn from groundwater (m3)	3,208,444	4,448,873
Volume of water withdrawn from third parties (municipal network, processing plant or public or private service) (m3)	6,032,500	6,465,060
Volume of water withdrawn from marine waters (m3)	3,061	8,314
Volume of rainwater (m3)	2,733,000	941,750
Water produced	0	4,437
Total water withdrawn in water stress areas (m3)	**3,258,100**	**1,350,491**
Volume of water withdrawn from surface water (rivers, wetlands, lakes) in water stress areas (m3)	22,243	59,408
Volume of water withdrawn from groundwater in water stress areas (m3)	714,675	372,386
Volume of water withdrawn from third parties (municipal network, processing plant, etc.) in water stress areas (m3)	2,521,182	918,581
Volume of water withdrawn from marine waters in water stress areas (m3)	0	117
Total water discharged (m3)	**6,776,487**	**10,607,047**
Volume of water discharged into surface water (rivers, wetlands, lakes) (m3)	4,456,349	7,100,636
Volume of water discharged into groundwater (m3)	747,414	823,056
Volume of water discharged into third-party waters (municipal network, processing plant or public and private services) (m3)	1,538,409	2,584,237
Volume of water discharged into marine waters (m3)	34,316	99,119
Total water discharged in water stress areas (m3)	**3,177,315**	**1,262,976**
Consumption (m3)	**5,872,611**	**1,807,349**
Ratio: m3 of water consumed/ turnover	217.8	55.3
Consumption in water stress areas (m3)	**80,785**	**87,515**

(1) Most of the water discharged to marine waters is due to the Hampton Road project in Virginia Bay. The difference between the water discharged between 2020 and 2021 is due to the project being in a different phase of development.

The activities performed by the ACS Group are associated with significant water consumption, particularly in the area of construction, and in 2022 the total amount of water consumption reached 1,807,349 m3.

Similarly to other environmental indicators, the variability in water consumption experienced by the ACS Group in recent years is explained, due to the different types of projects developed over the year, and it may distort year-on-year comparability in absolute terms.

The company acknowledges the need to reduce consumption of this natural resource, especially in areas that are subject to water stress. For this reason, beginning in 2019, the ACS Group has been monitoring water consumption corresponding to water stress areas, accounting for 87,515 m3 of the total water consumption in these areas in 2022.

The ACS Group has adequate measurement systems (at the project, company and corporate levels), permitting detailed knowledge of the main sources of consumption. This information makes it possible to develop the most suitable efficiency measures in each case.

It should also be noted that the ACS Group also performs exhaustive control on the quality of the water discharged into the environment, to ensure that the discharges do not have significant effects on the environment and always comply with the provisions in local legislation.

SOLUTIONS FOR SUSTAINABLE WATER MANAGEMENT IN SEDGMAN (CIMIC)

Since 30% to 50% of copper, gold, iron ore and zinc production is concentrated in areas with severe water shortages, Sedgman offers solutions to reduce the impact of mines.

One of Sedgman's key services is the dehydration of the relays, which maximises water recovery. Sedgman carried out a significant number of studies and projects, taking advantage of its extensive technical experience in dehydration systems, flotation sweeping and reprocessing of relays, in basic metals and coal. Solutions include a range of relay dehydration technologies and a variety of transport methods and rejection placement.

In 2022, Sedgman delivered an engineering, acquisition and construction contract for a new relay dehydration facility at the Queensland Byerwen mine. This project transformed the existing system for the co-arrangement of wet pump-down rejections into a combined system for the dehydration of dry relays and coarse rejects by truck.

The new system aims to reduce operating risk, reduce energy consumption and improve water recovery and management of chemicals for dehydration. Compared to the use of unpurified water prior to the installation, the design of Byerwen's dry waste is expected to save around 1.2 million cubic meters of water per year, which is equivalent to 492 Olympic swimming pools.

5.1.4. PROTECTION OF BIODIVERSITY

The activities of the ACS Group are potentially capable of causing impacts on the natural environment when operating in all types of locations and environments where a multitude of ecosystems may coexist. In this context, the company always attempts to minimise the impact of its activities on biodiversity, particularly respecting protected natural areas and areas with high ecological value, and committing to no deforestation.

As a result of this commitment, the Group performs its activities according to the following basic principles in the area of biodiversity:

– Consider the initial value of the ecosystems that may be affected and assess the impact of the activities, products and services on them.

– Apply the hierarchy of mitigation of impact on ecosystems by means of prevention, reduction, restoration and compensation actions.

– Implement management plans to preserve or restore biodiversity in activities or services that have a significant impact on ecosystems.

– Establish non-action criteria to avoid performing activities or services in certain areas based on their intrinsic value or vulnerability. In 2022, the Group performed activities on 626.9[7] hectares considered to be of high biological value, implementing specific objectives and plans to minimise the impact.

– Strengthening the measures to preserve/restore biodiversity in projects in environmentally sensitive areas.

– Prevention of deforestation resulting from the activity, and direct suppliers and indirect suppliers whose contracted activity is critical to non-deforestation, through actions focused on compensation, restoration and reforestation, and the promotion of the use of certified and recycled wood.

The ACS Group has implemented measures that ensure the conservation of plants and wildlife from the start of planning the operations to the end. These measures are based on:

a. Physical protection, transplanting or transfer, and respect for the life cycles of the plant and animal species affected.

b. Environmental impact studies, which identify the main effects on the natural environment of the projects and establish actions to minimise them. Public participation in procedures to approve these projects is guaranteed by the national and regional legislation in each of the countries where they are performed.

c. Monitoring plans, ensuring compliance not only with mandatory biodiversity and forest conservation regulations and standards, but also with preventive measures and reducing the impact of projects and processes that are not subject to environmental impact assessments.

d. Promoting the compensation of the impacts generated by activities on biodiversity and the forest mass through restoration, recovery and reforestation. Thus, in 2022 the ACS Group performed work on 81.2[8] hectares.

PROMOTION OF MARINE BIODIVERSITY IN PRINCESS AMALIA PORT (HOCHTIEF)

HOCHTIEF is expanding Princess Amalia Port in Rotterdam (Netherlands). They plan to use underwater blocks under the wharf wall as artificial reefs to promote biodiversity.

The blocks are made of what is called '"ECOncrete", which organisms such as algae and aquatic plants can colonise more easily than conventional smooth concrete. Once these organisms are established, they will have a positive effect on water quality and help to further promote biodiversity. This is because they nourish other organisms, such as mussels and birds, which further stabilises the entire ecosystem. Floating algal carpets are also reduced, which improves light conditions and, in turn, favours the germination and growth of other aquatic plants.

[7] Scope 19.4% ACS Group sales
[8] Scope 19.4% ACS Group sales

CARE FOR AVIAN FAUNA ISABELLA LAKE DAM (DRAGADOS)

In the Dragados *Isabella Lake Dam* Safety Modification project, special care is being taken to preserve the avian fauna and its habitat. To achieve this, a specific Biological Resource Protection Plan has been developed to implement various measures to avoid and protect biological resources.

These measures were grouped into different categories:

1. Protection of existing vegetation and biological resources
2. Fish trapping prevention
3. Nesting and breeding birds protocol

Focusing on the latter, a key measure that the Dragados environmental department has implemented is to have an avian biologist in the team, who is in charge of identifying active and inactive nests with nesting studies prior to construction and weekly studies of birds nesting during construction.

Together with studies prior to construction and monitoring during construction, Dragados has a team lead by the biologist that identifies and implements preventive measures to deter birds from using active construction areas as nesting sites. Some prevention measures include: removing the initial materials from the nest, placing networks in construction equipment and materials when they are not in use, covering the open pipes, installing deterrents such as reflective/predatory lures and installing active noise generator construction areas. In addition, waste is removed daily to remove potential sources of attractive food for birds and wildlife.

If an active nest is identified in any activity, a suitable noise buffer is installed to reduce or avoid discomfort to nesting birds. In these cases, the nest is monitored until the chicks have grown, to ensure that they do not abandon it.

All employees have received training to report any possible finding of nests to the Project's Aviar Biologist or the Environmental Manager and to avoid active nests.

5.1.5. ENVIRONMENTAL RISK MANAGEMENT

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

Secondly, the responsibility of overseeing environmental performance and performing the appropriate action plans and improvement programmes lies with the Environmental Department of each group of companies, along with adopting the necessary measures to reduce and mitigate the environmental impacts related to the Group's activities, always following the principles established in the Group's Environmental Policy.

Likewise, in accordance with the Group's risk map and the materiality analysis, both updated in 2022, the Group has prioritised the risks based on their potential relevance for the company's activity, depending on the type of activity, action areas, policies and management approaches.

In 2022, to strengthen its environmental commitment, the ACS Group included for the first time the risks associated with the Environmental Due Diligence as a cross-cutting management element within its corporate governance model and the Global Compliance Management System, as indicated in paragraph 5.4.6 of this report.

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

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Climate change: transition to a low-carbon business model	Companies face the need to design appropriate strategies to address climate change. While most companies focus on the risks associated with climate change, some seek to identify and take advantage of the business opportunities associated with this global challenge. The ACS risk map identifies the specific risks related to climate change (physical and transition risks) based on the relevance they may have for the development of the company's activity. Related risk Risk map Climate change and energy efficiency Risks • Increase in cost overruns • Reputation risks • Regulatory restrictions and sanctions	The Environmental Plan and the Group's Sustainabilityy Master Plan define the commitments and objectives for emissions reduction and use of resources. ACS' Board has overall responsibility for the climate change strategy through the Audit Committee, which is responsible for monitoring the ACS Group's sustainability policy. In 2021, the Company set targets linked to the variable remuneration of the Executive Directors in relation to performance on climate change. Each company is responsible for keeping an inventory of emissions, identifying main sources and developing initiatives to reduce them. The Group offers its customers construction products and services that help to promote the transition to a low carbon economy.	Decrease in emissions reaches 1 + scope 2 of a 28.7% with respect to the Sustainability Master Plan baseline year (2019) Increase in the calculation and reporting of scope 3 emissions, including in all areas emissions related to the consumption of construction materials, waste, travel and other emissions arising from the value chain. Development of business opportunities such as Green Building projects In 2022, the Group continued with the evolution of its reporting model to communicate information on risks and opportunities related to climate change following the recommendations of the Task Force on Climate-Related Financial Disposals (TCFD), and the implementation of measures and initiatives to achieve the targets set in the 2025 ACS Group's Sustainability Master Plan for climate change mitigation.	• The ACS Group's Sustainability Policy • The ACS Group's Code of Conduct • Code of Conduct for Business Partners • Human Rights Policy • Environmental policy • Risk Control Policy
Circularity in the procurement of construction materials and in waste management	The incorporation of the concept of circularity into the production model makes it possible to reduce the intensive use of natural resources and the high pressure on the environment. Likewise, the optimisation of resources increases operational and financial efficiency, in addition to reducing the waste generated Related risk Map of risks Environment and circular economy Risks • Failure to comply with the ACS environment policy • Reputation risks • Statutory breach • Inefficient use of raw materials or conflict minerals • Increase in production costs	The Environmental Policy and the Group's Director Sustainability Plan establish the commitments to encourage the use of recycled construction materials, their durability and efficient waste management. The promotion of promote life cycle analysis in infrastructure and building projects was included within the Sustainability Master Plan. More 200 projects underwent this analysis in 2025. Maintaining a waste rate for recycling in excess of 80%, and measures to encourage the use of recycled materials were also established.	ACS Group companies participate in various R & D projects related to the durability and efficiency in the use of construction resources and materials. Waste rate (hazardous + non-hazardous) destined for recovery in 2022: 83.2% Number of projects in which a life cycle analysis was performed: 69	◦ Environmental Policy. ◦ Sustainability Policy. ◦ Construction Materials Policy. ◦ Risk Control Policy.

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Environmental management	Companies have a dual relationship of reliance and impact on the natural environment. Therefore, the mitigation of impacts on biodiversity and natural resources is indispensable during the development of the Group's projects and operations, establishing an assessment of ecosystem services that affect the company. The conservation and protection of biodiversity has become one of the main environmental challenges faced by companies. The natural environment is one of the main allies in the fight against climate change, in addition to being a support for the economy, providing the natural resources on which the company's activity is based: Associated risks Risk Map Risks of fines and sanctions, reputational risks, and Biodiversity risk. Risks • Loss of ecosystem services • Reduction in economic growth • Statutory breach • Litigation and environmental sanctions	• Continuously improve the environment, implementing an environmental management system to ensure compliance with policies, setting and monitoring objectives. • Assess the potential risks to the environment in each of the phases of a project, work or service, with the aim of designing processes that make it possible to minimise the environmental impact. • Promote training and awareness of employees in environmental aspects. • Promote actions aimed at increasing awareness among clients, value chain and society in general. • Carry out all activities of the ACS Group under environmental legislation.	In 2022, 89.6% of ACS Group operations were certified under ISO 14001. The environmental management systems are verified by an external third party in companies representing a 94.62 % the Group's turnover and, in 2022, 877 environmental audits. In 2022 there was one significant infringement of environmental legislation and regulations, fined with EUR 15,000, which is understood as non-compliance that entails a fine greater than EUR 10,000. According to Note 37 on Information on the Environment of the Annual Accounts of the ACS Group, ACS Group companies incurred environmental expenses in 2020 totalling 14,840 thousand euros (6,493 thousand euros in 2021), and according to Note 20 of the Annual Accounts, the provisions for environmental actions are included in non-current provisions, which include provisions to cover the probable environmental risks that may arise, with no provision of this nature included in the accounts in 2022. The Group companies manage environmental risk coverage through different systems depending on their activity and geographic area and using their own environmental management systems.	• Environmental Policy. • Sustainability Policy. • Risk Control Policy.
Sustainable and resilient infrastructure	The risks arising from climate change, the scarcity of natural resources and the state and social context of the territory increase the demand for sustainable infrastructure. Since a significant percentage of GHG emissions come from buildings, developing more energy-efficient infrastructure contributes to climate change mitigation. The design and execution of resilient infrastructure, in addition to granting recognition and leadership, make it possible to provide safer services that better withstand extreme weather events and mitigate the effects of natural threats on society and its economy. Related risk Map of risks Loss of market competitiveness and innovation capacity Risks • Loss of competitiveness • Physical risks arising from climate change • Reputational damage • Loss of profitability	• The ACS Group, through its different activities, provides services that help create more efficient and sustainable infrastructure and cities - sustainable construction, construction of public transport systems, traffic management services, etc. • ACS offers customers the use of recycled and/or certified construction materials. The projects of HOCHTIEF, Turner, CIMIC and Dragados comply with different sustainable construction certification requirements, and CEEQUAL, ISCA and Greenroads, in terms of efficient infrastructure. • In the ACS Group companies, one of the fundamental pillars of the R & D area of the construction companies is the development of new projects and materials that increase the resilience of infrastructure and that make it possible to cope with the increasingly extreme weather changes resulting from climate change, in addition to the reduction of these construction materials, and their reuse and use. • Develop biodiversity policies and environmental studies to minimise impacts on the business areas.	• Development of Green Building projects: 1,148 cumulative projects by HOCHTIEF and 47 underway in 2022 by Dragados • Sales of sustainability-certified projects in 2022: EUR 12,935 mn €	• Environmental Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.

5.2. PEOPLE IN THE ACS GROUP

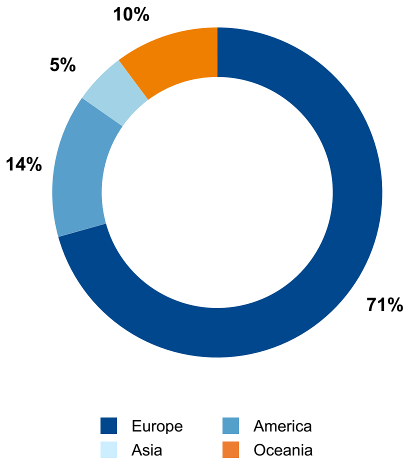
The ACS Group's business success comes from the talent and diversity of its teams. For this reason, the company is committed to the professional development of its employees while at the same time ensuring the best working, health and safety conditions.

To retain the best professionals, the ACS Group has different corporate policies for managing people that are aligned with the best practices in this area and that are described throughout this chapter. Although each company of the Group develops its own complementary human resources policies to meet its specific needs, they all follow common guidelines:

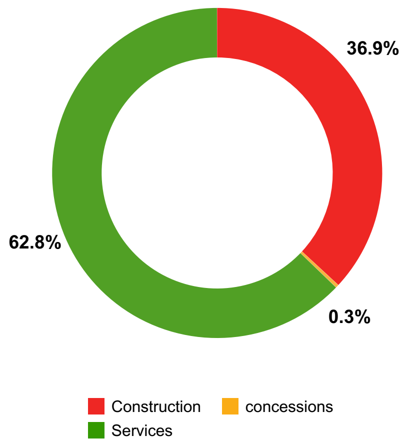
- Attract and hold onto the best talent, while at the same time aiming to improve the degree of responsibility and motivation of employees.
- Promote a culture and corporate values with which the people in the ACS Group identify.
- Promote teamwork and quality control as tools to promote the excellence of work well done.
- Ensuring equal opportunities, diversity and inclusion.
- Support and increase training and learning.
- Innovate to improve processes, products and services

At year-end 2022, the ACS Group had a workforce of 128,721 persons, of which 56.7% were women and 43.3% men. The ACS workforce increased by 5.1% compared to 2021.

WORKFORCE DISTRIBUTION GEOGRAPHIC AREAS

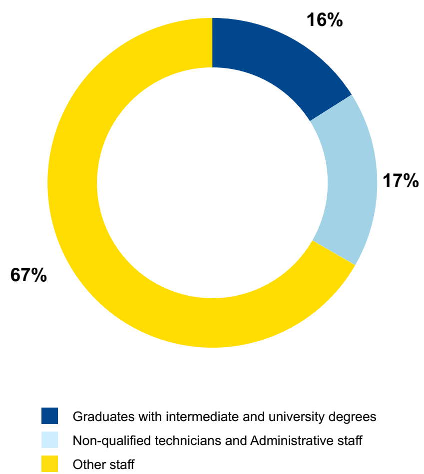


WORKFORCE DISTRIBUTION OF BUSINESS ACTIVITIES



* Excluding 201 employees of the Corporation and other investments.

WORKFORCE BREAKDOWN BY PROFESSIONAL CATEGORIES



ACS GROUP WORKFORCE AT YEAR-END

128,721

WOMEN

56.7%

OF TOTAL ACS GROUP

6,896

GRADUATES WITH INTERMEDIATE AND UNIVERSITY DEGREES

2,631

EMPLOYEES WITH A MANAGEMENT POSITION (WORKS/ PROJECT MANAGER OR SIMILAR AND SUPERIOR)

10,109

NON-QUALIFIED TECHNICIANS AND ADMINISTRATIVE STAFF

114

SENIOR MANAGEMENT POSITIONS

12.6%

TOTAL STAFF TURNOVER

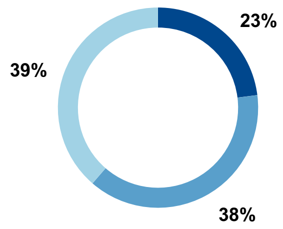
10.3%

VOLUNTARY TURNOVER

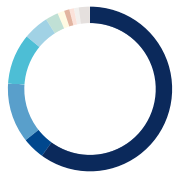
55,989

OTHER STAFF

BREAKDOWN OF STAFF BY AGE



DISTRIBUTION OF ACS GROUP EMPLOYEES BY COUNTRY



MEN

43.3%

OF TOTAL ACS GROUP

13,746

GRADUATES WITH INTERMEDIATE AND UNIVERSITY DEGREES

9,011

EMPLOYEES WITH A MANAGEMENT POSITION (WORKS/ PROJECT MANAGER OR SIMILAR AND SUPERIOR)

12,135

NON-QUALIFIED TECHNICIANS AND ADMINISTRATIVE STAFF

615

SENIOR MANAGEMENT POSITIONS

19.6%

TOTAL STAFF TURNOVER

14.9%

VOLUNTARY TURNOVER

29,846

OTHER STAFF

With regard to the distribution of employees by country, 60% work in Spain and the remaining 40% are in other countries. The Services area is a more staff intensive area and represents 62.8% of the Group's employees, of which 90.3% are located in Spain. While the Construction area represents 36.9% of the Group's employees and has a more internationalised profile due to its activity, 8.5% of the workers were only located in Spain.

The distribution of the workforce at year-end by type of contract shows the predominance of permanent contracts over temporary contracts, with 81.3% of the workforce having this type of contract. Regarding the type of workday, 61.7% of the workforce of the ACS Group work full time.

	31-Dec-22		
	Men	Women	Total
Fixed Contracts	46,906	57,777	104,683
Temporary Contracts	8,821	15,217	24,038

	31-Dec-22			
	Age <35	Age between 35-50	Age >50	Total
Fixed Contracts	21,582	39,794	43,307	104,683
Temporary Contracts	8,045	9,578	6,415	24,038

	31-Dec-22			
	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
Fixed Contracts	19,905	20,831	63,948	104,683
Temporary Contracts	737	1,413	21,887	24,038

	31-Dec-22		
	Men	Women	Total
Full-time contracts	47,846	31,625	79,471
Part-time contracts	7,881	41,369	49,250

	31-Dec-22			
	Age <35	Age between 35-50	Age >50	Total
Full-time contracts	20,884	31,481	27,106	79,471
Part-time contracts	8,743	17,891	22,616	49,250

	31-Dec-22			
	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
Full-time contracts	18,684	16,492	44,295	79,471
Part-time contracts	1,958	5,752	41,540	49,250

In 2022, the total employee turnover in the ACS Group was 15.5% (vs. 14.7% in 2021) and voluntary employee turnover was 12.3% (vs. 11.1% in 2021).

The number of redundancies in 2022 was 2,701 people, including those resulting from the termination of projects.

	2021			2022		
	Men	Women	Total	Men	Women	Total
Redundancies	2,162	786	**2,948**	1991	710	**2,701**

	2021				2022			
	Age <35	Age between 35-50	Age >50	Total	Age <35	Age between 35-50	Age >50	Total
Redundancies	709	1,295	944	**2,948**	721	1054	926	**2,701**

	2021				2022			
	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total	Graduates with intermediate and university degrees	Non-qualified technicians and Administrative staff	Other staff	Total
Redundancies	750	463	1,735	**2,948**	639	351	1,711.00	**2,701**

7.3.2 Additional indicators

5.2.1. PROFESSIONAL DEVELOPMENT

The ACS Group is positioned as one of the world's leaders in developing infrastructure and services, and this would be impossible without the best team of professionals. The Group's human resources teams seek to attract and retain specialised talent in each of the Group's activity sectors.

In 2022, 46,109 professionals, of which 42.6% were under 35 years of age, highlighting the commitment to young talent, with Dragados and the various HOCHTIEF companies standing out for the programmes implemented in this area.

YOUNG TALENT PROGRAMME (DRAGADOS)

In today's ever-changing context, companies must adapt quickly to the demands of society. Value creation, talent attraction, a sustainability project, retention and professional development are fundamental pillars for the success of an organisation.

As reflected in Human Resources policy; the professional and human quality of the team is one of the greatest competitive advantages that allows the company to stand out in the market. Based on this, the Dragados Group continues for another year by betting on the recruitment and retention of young professionals and betting on their development through the already consolidated and valued training and development program aimed especially at this group. In 2022, 130 new young people were included in the most important projects at a national and international level.

This project includes young new graduates with Qualifying Master Civil Engineering and Industrial Engineering, as well as degrees in Civil Engineering, Building and Industrial Engineering and Graduates in Business Administration and Management or equivalent qualifications depending on the country. It is an opportunity for learning and development, with a specific training plan, tutoring, evaluation and experience in construction works.

This program, which was resumed in 2014, when the first Young Talents joined Dragados Spain, has been widening its scope internationally In 2017 it was implemented in Dragados USA and Canada and in 2020 it began to be developed in countries such as the UK, Chile, Poland and Argentina.

This programme currently has 300 participants, 198 of whom are included in national projects and 108 at the international level.

YOUNG TALENT PROGRAMME 2022 CONSTRUCTION AREA

	National	International
Master Civil Engineer	103	89
Master Industrial Engineering	39	0
Other Master (Architecture, Aeronautical Eng.)	4	0
Degrees in Civil, Building, and Industrial Eng.	16	0
Administration and Business Management	36	13
Total	**198**	**102**

HOCHTIEF TALENT ATTRACTION INITIATIVES

HOCHTIEF focuses on several aspects when attracting talented people to the Group. By keeping direct links with schools and universities, we offer young people a vision of the HOCHTIEF world. Once their interest has been aroused, we maintain permanent contact. In Germany, for example, HOCHTIEF created the "Students' Talent Programme" for this purpose. Similar programmes exist in almost all Group companies.

In addition to engaging experienced professionals, HOCHTIEF focuses on attracting new young employees to ensure a good positioning in the medium and long term. We hired 59 young people in Germany in 2022 (2021: 52); the figure in CIMIC was 503, and in Turner in the US. US, 519 (2021: 347). Specific incorporation programmes facilitate the start of new employees and help them to find their way in the Group. These programmes were mainly held online during the year of the report.

In addition to conventional training in cooperation with vocational schools, HOCHTIEF offers training in combination with a cooperative degree programme. A total of 88 young people followed these two training courses at HOCHTIEF in Germany in 2022 (2021: 95).

Attracting and retaining talent requires the ACS Group to offer its employees the best employment practices, encouraging their professional development within the Group. The ACS Group maintains a human resources management approach that is committed to continuously improving the skills and capacities of its teams.

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

Talent Development and Assessment Policy

TALENT DEVELOPMENT AND ASSESSMENT POLICY

El Grupo ACS busca desarrollar las siguientes buenas prácticas en cuanto al desarrollo y evaluación del talento:

1. Strengthen performance evaluations through the achievement of goals.
2. Multidimensional performance evaluation (180° or 360°).
3. Strengthen the individual evaluation of employees, recognising 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 capitalo.

It should be noted that companies representing 100.0% of the Group's employees have variable remuneration systems, with 23.8% of the workforce having professional performance appraisal plans and 22.8% of employees being subject to measurable targets set with their superiors which influence the determination of the percentage of their variable remuneration, as part of the Group's professional development culture. Furthermore, companies representing 99.7% of the Group's employees have professional development plans for their employees.

The training programmes defined in the different Group companies all have the common aspect of encouraging individual talent to create the best teams of professionals. The Group's commitment to offering its employees specialised training in the Group's different sectors of activity is based on the quality and improvement of the products and services.

In 2022, the training provided in the various ACS Group companies continued to increase, combining current, online and hybrid training models to take advantage of all the opportunities offered by the different types of training.

After the adjustment from face-to-face training to online training undergone by the various Group companies in recent years has undoubtedly led companies to continue with this type of training through centralised platforms that provide greater efficiency and scope.

In 2022, the Dragados Virtual Classroom was consolidated as one of the ways to reach a large number of workers and continue to encourage their training.

The continued growth of online training in Clece reflects the importance of this learning methodology for the company to reach all people in the organisation through the available means, such as tablets and smartphones. Making the training necessary available to each professional at the time required. In 2022 we continued to develop new digital proprietary contents, customised based on the characteristics of each group. Fourteen training actions were performed with customised online teaching contents tailored to company needs, facilitating their dissemination and achieving significant cost savings with respect to market costs, as a result of the ability to reach a large number of staff members. In 2022, 5,928 participants were trained in these Clece courses, with 25% cost savings, and a quality assessment of 3.6 over 4.

Since 2022, the new learning management system (LMS) has also been available to HOCHTIEF employees in Europe. The LMS offers virtual web training, in addition to running classroom and online training seminars. In Germany, 63.5% of the courses given by HOCHTIEF were held online.

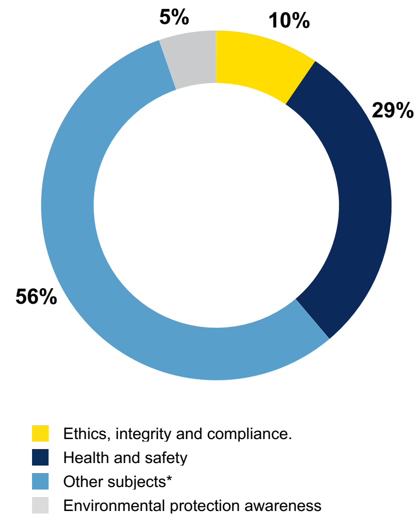
The ACS Group's ongoing training model makes it possible to identify the training needs among its employees during the year, which means that training programmes are constantly revised. To determine the effectiveness of the training programmes, the Group companies assess the courses taught at different levels:

participant satisfaction, knowledge acquired by participants, and impact on participant performance in the field of their training.

In 2022 the number of employees trained during the year increased by 22.4% The number of teaching hours increased by 8.8% compared to 2021, reaching 1,048,174 teaching hours in the period. The ACS Group shows its ongoing commitment to the professional development of the Group's employees and their training in new skills, increasing the scope of training programmes for its employees as defined in one of the objectives of the 2025 Sustainability Master Plan.

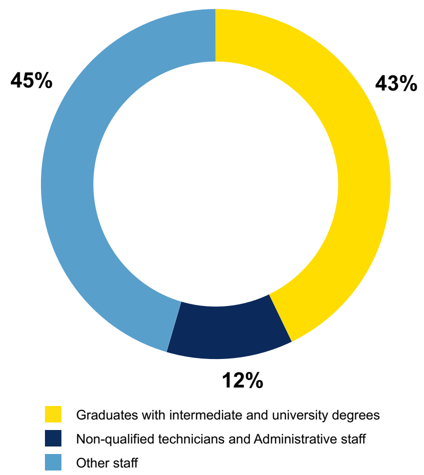
	2021	2022
Total hours taught	963,760	1,048,174
Teaching hours per employee (over total employees)	8.0	8.3
Employees participating in training activities	55,954	68,462
Training hours per employee (over total employees trained)	17.2	15.3
Investment in training (M€)	14.8	17.9
Investment per employee in training (over total employees) (€)	122.5	140.8
Investment per employee in training (over total employees trained) (€)	264.4	261.0

TRAINING HOURS BY CONTENT

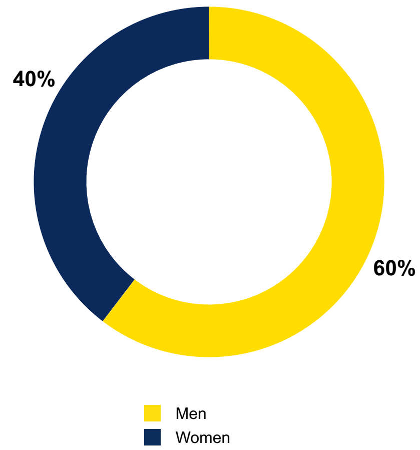


*Other subjects related to the development of skills, performance improvement and complementary knowledge of the area.

TRAINING HOURS BY PROFESSIONAL CATEGORY



TRAINING HOURS BY GENDER



SKILL DEVELOPMENT PROGRAMMES (CLECE)

The Senior Development Programme for Service Managers is a long-term training programme encompassing each of the skills that ensure efficient management of services, within the company's strategy. The Programme was developed by professionals from the organisation itself, who are responsible for the different areas and activities, and by external experts in the different subjects taught. The programme lasts 300 hours and consists of practical cases, online interactive content and practical in-person classes. This training develops technical, commercial, economic-financial, people management and leadership skills. In 2023 76 participants in the 10th programme, which started at the end of 2022 and will be completed in 2023, continued to be trained.

Two other skills development programmes related to training for specific jobs were also performed in 2022:

Care Centre and Service Management Programme, with 13 trainees in 2022, with a total of 220 cumulative participants, a programme aimed at training in the skills required for the position of Care Centre Manager.

Security Director programme, training that provides the professional skills necessary for the position of Head Surveillance Services in the private sector, with 6 trainees 2022 and 43 cumulative participants.

FUTURE LAB (HOCHTIEF)

HOCHTIEF recently created the development and loyalty programme for senior employees at the HOCHTIEF Europe division. The first group has completed this series of workshops, which will continue due to the positive response. The programme supplements already established offers, such as expert professional experience, the executive development programme for the entire Group, the training modules on construction and project management, and the programmes for young engineers and sales staff.

5.2.2. EQUAL OPPORTUNITIES, DIVERSITY AND INCLUSION

The ACS Group strives to maintain relationships of trust with its employees and considers it essential to safeguard basic principles intrinsic to its business model. In its Code of Conduct, the Group emphasises equal opportunities, non-discrimination and respect for human and labour rights, which form part of the Group's business commitment. The ACS Group rejects all types of discrimination, in particular discrimination based on age, sex, religion, race, sexual orientation, nationality or disability.

Beginning with objectivity in selection processes, the ACS Group seeks to ensure equal access to these processes in all phases, from recruitment to hiring.

In 2022, the ACS Group continued different actions in line with its Diversity Policy, the purpose of which is to manifest, implement and develop the Group's commitment to diversity and inclusion of all types of groups. The ACS Group understands diversity from many areas and is convinced that the creation of a diverse team allows it to successfully meet global challenges.

It is important to highlight that the ACS Group's extensive international presence makes it a multicultural team in which professionals from different races, ethnicities, ages, nationalities, languages, education, capacities, religions and genders converge, making this a constant aspect in the Group's day-to-day work. The company is aware of the relevance of local roots and, in line with its intention to promote the local development of the communities in which it operates, it promotes the direct hiring of local employees and executives. 98.2% of the Group's employees correspond to the local community.

The Group's commitment to equal opportunities and diversity is reflected in all areas of the company:

– Regarding gender, companies representing 100% of the Group's employees have adopted measures to promote equal treatment and opportunities for men and women, and 88.6% of the Group's employees are covered by Equality Plans.

– In companies that represent 100% of the Group employees, there are anti-sexual harassment protocols.

– In companies that represent 100% of the Group's employees, measures have been adopted to ensure equal opportunities and avoid discrimination in the selection process for any position.

It is important to highlight that, in recent years, the ACS Group's commitment to the presence of women in the labour force and their professional development has resulted in an increase in the proportion of women in management positions.

Thus, in 2022 women in positions of responsibility represented one 22.2% of the total, while there are 114 women in senior management positions (vs. 113 in 2021). Within management positions directly related to income generation, the distribution of women is similar to that of the total, with women holding 19.1% of all these types of positions.

The Group has also taken steps to increase women's participation in the scientific and technological fields. In 2022, the number of women with higher or middle degrees in the areas of engineering, architecture and other related areas amounted to 1,862, which represents 20.4% the senior and middle graduates of these categories in the ACS Group. Various Group companies performed initiatives to promote the inclusion of women in this profile. For example, HOCHTIEF has a percentage of at least 35% new women engineers in training out of the total for the category as as target for 2025.

Similarly, in companies representing a 26.5% of the Group's employees, specific development programmes have been implemented to promote female talents, such as the Emerging Women Leaders programme implemented by UGL.

Code of Conduct

Diversity policy

The ACS Group is committed to the employment integration of people with disabilities and other vulnerable groups, and uses employment as an instrument for social inclusion. At year-end, the ACS Group had 8,217 disabled employees and 2,764 employees from other vulnerable groups. In this area, the Group's most prominent exponent is Clece, with numerous collaboration agreements with institutions. In addition, companies that represent 98.7% of the Group's employees have implemented systems that guarantee universal accessibility for people with disabilities with infrastructure adapted to remove physical barriers for all people.

EMPLOYMENT INTEGRATION OF VULNERABLE GROUPS AT CLECE

The employment inclusion of disadvantaged groups is the main objective of the social project for Clece.

Clece has worked in coordination on this project since 2012, employing people with disabilities, victims of gender violence, people at risk of social exclusion and young people in high unemployment. Since the beginning of the project, the figures for workers from these groups have grown both in absolute terms and in percentage terms with respect to the entire workforce. At the end of 2022, Clece had 9,817 workers from vulnerable groups, which represented 12.2% of the total workforce and an increase of 5.6% compared to the previous year.

In 2022, Clece continued to perform various initiatives in relation to the employment inclusion of disadvantaged groups, such as the annual "Job Hunting" event held on 14 and 15 June 2022, which consisted of an online selection process in which 2,800 jobs were offered to people in vulnerable situations or at risk of social exclusion. During these two days, 44 Clece selection technicians, located in different cities in the country, interviewed more than 3,500 candidates via video conference. The candidates were presented by 139 public and social entities. The entities were responsible for entering candidates' data and booking the interview time through a specially-designed computer application.The entire event was reserved for people from vulnerable groups, people with disabilities, women victims of gender violence and people at risk of social exclusion. As a result of this event, 464 people joined Clece between June and September 2022.

In addition, in 2022, Clece obtained, for the second consecutive year, the gold category, the highest possible, in Discert, a European certification awarded to companies committed to the inclusion of disabled people in the workplace, which recognises the value contributed beyond the requirements established by law.

The key points for to this recognition are Clece's effort to maintain the level of commitment to people with disabilities. It continued to prioritise this group in its selection processes and strengthened its network of alliances with social organisations, which it has integrated into the corporate recruitment and selection system. It has consolidated its Support Unit, made up of professionals who help integrate people with disabilities joining the company. The Company has also received successful assessments under corporate social responsibility standard IQNet SR 10, extending its scope to other subsidiaries, with 11 subsidiaries currently certified under this standard in addition to Clece. This demonstrates its alignment with stakeholders as regards the maximum value given to disability in the surveys performed in relation to this standard, the certification of which has also highlighted Clece's social project within its supplier network.

Clece has been Discert certified since 2012, which confirms its conviction to continue making progress in the inclusion and integration of disabled people within its organisation.

Specifically, the Nominations Committee ensures that the selection procedures for Board members favour diversity to the above issues and, in particular, seeks to facilitate the selection of directors in a number that allows a balanced presence between women and men. The Board's total remuneration is shown in the table below

Thousands of euro	2021 Number of Directors	2022 Number of Directors	Average remuneration for the 2021 financial year (3)	Average remuneration for the 2022 financial year (4)	Variation
EXECUTIVE DIRECTORS (1)(3)	**4**	**4**	**3,386**	**4,663**	**37.7%**
Fixed remuneration			1,352	1,632	20.7%
Variable remuneration(2)			1,278	2,177	70.3%
Contributions to long-term savings systems			748	834	11.5%
Other concepts			8	21	n.a.
NON-EXECUTIVE DIRECTORS	**11**	**11**	**241**	**237**	**-1.4%**
WOMEN	3	4	202	189	-6.5%
MEN	8	7	255	261	2.1%

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

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

(3) Includes the remuneration in 2021 of Mr. Marcelino Fernández Verdes until his resignation as Executive Director and of Mr. Agustín Batuecas as Executive Director until the end of 2021, when he changed his status to External Director.

(4) Includes the remuneration in 2022 of Mr. Agustín Batuecas and Mr. Joan David Grimá Terré until March 25, 2022, date on which they ceased to be directors. The remuneration of Ms. María José García Beato and Mr. Juan Santamaría is included from May 6, 2023, the date on which they were appointed directors.

In 2022, the ACS Group Management Committee was made up of 6 executives since 6 May (all men) who had an average annual remuneration of EUR 3,612 thousand[9] (compared to EUR 3,459 thousand[10] in 2021), including fixed and variable remuneration, and an average annual contribution to pension plans of EUR 682 thousand (vs. EUR 768 thousand in 2021).

The Group also ensured that the remuneration and talent retention policies complied with these basic principles of equality, ensuring that the same salary is paid for work of the same value. To analyse the average remuneration, the average annual remuneration of the ACS Group employees was taken into consideration considering their basic salary and other cash incentives. The consolidated data show the weighted average broken down by gender, professional classification and age.

The salary differences detected are due to several reasons. These include the increased presence in countries with higher per capita income, which is relevant in activities such as construction, and typology, specialisation, working hours, seniority, hazard factors, and location of the various Group activities. The comparison will equate operators at heights in the United States, with high danger levels and higher per capita income, with the Services activity, whose personnel are mainly located in Spain and with activity focused on cleaning services, home help and care for the elderly, with salaries regulated by the collective agreements of each activity.

This diversification of activities and the distribution of employees in countries with different levels of income is what justifies the differences presented in the average remuneration table. Furthermore, in the evolution of wages, it is important to highlight that, given the large degree of geographic diversification of activities and types of contracts, it is very difficult to show a homogeneous evolution of wages and salaries in different years, given the variations of the weight that the different countries/activities represent of the total, with the composition of the salary mass changing significantly from year to year, and the effect of the exchange rate.

In 2022, the ACS Group analysed the salary of its employees to ensure that they are receiving a decent salary that covers basic needs in countries representing more than 60% of the Group's employees. To perform this analysis, initially performed in Spain and HOCHTIEF's European companies, generally accepted methodologies for calculating decent wages were followed (such as the "Anker methodology"). The variables taken into account to calculate the decent salary are housing expenses and associated expenses, clothing, food, health, education, and other basic expenses per family unit taken from official statistical sources, where possible in the various countries, such as the Spanish INE (National Statistics Institute), and external consultants. The calculation includes only employees' basic wages, excluding bonuses and non-ordinary items. The ACS Group will continue to expand this analysis in subsequent years.

[9] Includes Juan Santamaría's remueration from 6 May 2022 when he was appointed as CEO
[10] Includes Marcelino Fernández Verdes' remuneration up to 7 May 2021 when he failed to put forward his candidacy for re-election as CEO.

Average annual remuneration (€)	2021 (1)			2022(1)		
	Men	Women	% Difference between average salary for men/ average salary for women	Men	Women	% Difference between average salary for men/ average salary for women
Senior management and university graduates (2)	101,899.4	76,419.4	*-25.0%*	111,971.5	85,774.4	*-23.4%*
Non-qualified technicians,similar positions and administration staff (3)	61,939.8	37,549.9	*-39.4%*	67,991.7	40,903.0	*-39.8%*
Operators and other staff						
Construction and Concessions (4)	49,373.8	45,991.5	-6.9%	41,893.2	52,579.4	25.5%
Services	15,868.7	14,992.1	-5.5%	16,699.6	16,717.8	0.1%

Average annual remuneration (€)	2021	2022
Age <35 years	34,938.2	35,850.1
Age between 35-50 years	34,871.7	35,973.4
Age >50 years (5)	29,908.9	30,001.1

(1) For the calculation of average salaries for both 2020 and 2021, the average salary data for the year including both fixed and variable salaries are taken.

(2) The differences in salaries by gender for the Executive category are related to the heterogeneity of profiles in this category and the differences in salaries between countries. Likewise, the higher percentage of male staff in this category generates a greater diversity of positions and salaries in this category for the male gender, making comparability by gender difficult.

(3) The differences in salaries by gender for the category of unqualified technicians, assimilated and administrative personnel are also related to the heterogeneity of profiles in these categories.

(4) The salary differences by gender for the Operators and other personnel category, for the Construction division, are related to the geographical distribution of the workforce and the heterogeneity of positions ranging from construction operators to office personnel. In 2022, there has been an increase in the hiring of male operators in Asian countries (Hong Kong, India, Indonesia, Philippines) with lower salaries than their counterparts in other countries, which has led to a drop in the remuneration of male personnel in this category.

(5) The 50+ age group includes a large number of employees in the Services division, who perform cleaning, home help and elderly care services, with part-time contracts being the predominant type of working day.

5.2.3. ORGANISATION OF WORK AND LABOUR RELATIONS

In recent years, the ACS Group has accelerated the trends and initiatives that ACS Group companies have been implementing in previous years as time flexibility measures or the promotion of teleworking in the jobs that allow it, so as to promote work and family reconciliation and employee well-being. Thus, 99.2% of Group companies have flexitime measures, accounting for 90.8% of Group employees, and 94.3% of Group companies promote teleworking, which is implemented in centres where 28.3% of employees work.

It should be noted that ACS Group employees have additional improvements regarding their working conditions in terms of the legal provisions, such as more holidays, more days of paternity/maternity leave, an improvement in the conditions for the reduced working day, the accumulation of breastfeeding periods, or the increase in the number of breastfeeding period days. Similarly, 97.5% of the Group's companies offer the possibility of working part-time in order to promote family reconciliation.

As a result of these measures, in 2022, 84.5% of women and 95.4% of men in 2022 have returned to work after maternity leave , although in these ratios it is important to consider possible annual mismatches (people who have took a maternity leave in the last months of the year and the end of the year have not yet been reinstated as they are still on leave). In addition, in Group companies that represent a 26.8% of the total number of Group employees remunerated parental leaves are granted for the main and non-main caretaker above the legal minimum. Likewise, in some ACS Group companies, such as Dragados, the remuneration in periods of parental/maternal leave is supplemented by up to 100%.

In Group companies that represent 66.7% of employees, childcare support is provided for employees' children through childcare checks, agreements with children's schools in the area, among other measures. Also in different ACS Group companies, there is the flexible salary (Salariflex) that includes flexible remuneration and the option of including in remuneration different elements such as health insurance, childcare and transport.

ACS Group companies do not currently have any formalised employment disconnection policies, but one of the targets set in the 2025 Sustainability Master Plan is the implementation of these policies.

Moreover, the implementation of health-hygiene protocols and measures has changed the work systems, particularly in the Construction and Services division to ensure the health and safety of its employees.

The promotion of remote work has also led to the development of new procedures to guarantee the best working conditions and ensure the physical and mental health and safety of employees in this new work environment.

WORK-LIFE BALANCE MEASURES (CLECE)

Work-life balance policies in Clece are part of our EFR (Family Responsible Company) certification, obtained in 2017. EFR certification is an international people management model that, as part of CSR and management of excellence, advances and provides answers regarding responsibility and respect for the reconciliation of personal, family and work life. In the case of Clece, 17 subsidiaries were certified and the scope of application of the scope only affects structure staff. The entire internal and external annual audit process lead to a series of measures that go beyond legal requirements, which materialise in a catalogue of applicable and mandatory measures.

This catalogue of measures is public and is divided into five blocks, amounting to a total of 42 different measures: Quality in employment (14 measures), temporal and spatial flexibility (8 measures), employee family support (12 measures), personal and professional development (4 measures), and equal opportunities (4 measures).

It is expected that these measures will promote work-life balance and decrease the absenteeism rate will decrease, which reached 2022 1.3% and translated into 3,348,262 hours of absenteeism.

	2019	2020	2021	2022
Total number of days missed (due to absenteeism)	694,806	459,332	425,897	481,214
Percentage of days missed due to absenteeism	1.3 %	1.2 %	1.2 %	1.3 %

Note: From 2020, data are presented excluding the Industrial Services activity due to its sale in 2021 and Thiess' 50% stake in December 2020.

	2021	2022
Total number of days missed (due to absenteeism)	2,944,812	3,348,262

The ACS Group promotes, respects and protects the freedom to unionise and freedom of association of its workers. The percentage of Group employees who were members of trade union organisations in 2022 was: 7.7%[11], while 77.6% are covered by collective bargaining agreements or by an independent trade union. In accordance with each company's activity, these agreements define the number of working hours and set minimum notice periods for significant operational changes.

By countries, in companies whose head offices are in Spain, the number of employees covered by collective bargaining agreements or by an independent trade union was 99.4%, 79.9% of employees in companies with head offices in Germany, 24.9% for Australia and 22.3% in the United States and Canada. In regard to collective bargaining agreements with health and safety, in 2022, 100% of the ACS Group employees is represented on formal joint health and safety committees for management and employees, and 97.8%% of the health and safety issues are covered by these. Over the course of 2022, these committees met more than 1,933 times.

ACS Group companies encourage and maintain channels of communication with workers' representatives to maintain labour relationships based on communication between employees and the Company.

Specifically, in Clece, the largest company in the ACS Group due to the number of employees, there is a large number of workers' representatives, with whom the company is in constant and fluid communication in any circumstance. For example, when workers, or trade unions, in exercising their legitimate right to strike, call for strike action, there is absolute respect for the exercise of this right from Clece and its subsidiaries, always guaranteeing the constitutional right to work and protecting the rights and interests of users and customers. In strike processes, the regulations for requesting minimum services, as well as their participation in the negotiation procedures and, where appropriate, mediation, that have arisen from these calls have always been complied with, and in no case has Clece been sanctioned by the competent authorities for any type of behaviour aimed at preventing or hindering the right to strike.

Lastly, in addition to the relationship between trade unions, the ACS Group offers formal dialogue channels for the relationship with its workers, such as ethical channels or work atmosphere surveys. In any case, for more information on the communication channels in relation to employees, see Chapter 5.5.

[11] Scope data: 80.2% ACS Group employees

5.2.4. RISK MANAGEMENT IN HR MATTERS

The functions attributed to the Audit Committee of the Group's Board of Directors include the review, monitoring and assessment of the Group's Sustainability Policy, as well as the other related internal regulations, including the Code of Conduct, Diversity Policy, as well as the Human Rights Policy, which will be developed in accordance with the characteristics and needs of each of the Group's companies.

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

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

Issue	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable Policies ACS Group
Fair remuneration and quality employment	The creation of stable, dignified and fairly paid employment is a key aspect to be taken into account in the management of the Company's risks. It can led to a loss of productivity, competition and business profitability by generating a negative working environment and dissatisfaction among employees. On the other hand, providing quality employment increases employee satisfaction and the sense of belonging. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Attracting and retaining talent and Employment relationships. The main risks associated with this material issue of the group's risk management system are: • Loss of talent and key profiles • High rate of employee turnover and absenteeism, and therefore inefficiency in human resources • Reduction of feeling of belonging	• The 2025 Sustainability Master Plan includes the commitment to be a leading group in the development of specialised and diverse talent, ensuring equal opportunities and best work practices. • Personnel management measures, in accordance with the general principles established in the Group's policies, adapting to the specific characteristics of each of the Group's companies.	Indicators presented in this Chapter 5.2. Such as Remuneration, type of employment contract and distribution in the workforce. Measures for social dialogue, organisation, flexibility and work-life balance.	• Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.
Equality, diversity and non-discrimination	Ensuring equal and fair treatment of employees who are part of the Group is not only due to regulatory requirements but also to an increasing demand from stakeholders. Ensuring the prevalence of these principles in people management programmes ensures a greater ability to attract and retain talent and improve their productivity. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Attracting and retaining talent and Employment relationships. The main risks associated with this material issue of the group's risk management system are: • Loss of key profiles for the organisation • Reduction in economic growth • Reputation risks	The 2025 Sustainability Master Plan includes the commitment of being a leading Group in the development of specialised and diverse talent, through: • Setting up a diverse team by increasing the presence of women in positions of responsibility • Being a leader in the integration of vulnerable groups • Ensuring equal opportunities and best labour practices • Within this common framework, each company prepares its own initiatives in accordance with its specific needs,	Indicators presented throughout this chapter 5.2, such as: Remuneration, type of employment contract and distribution in the workforce. Measures for social dialogue, organisation, flexibility and work-life balance. Policies, plans and measures for diversity and equality between men, women and persons with disabilities.	• Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.
Attracting talent and professional development	The complexity of the sectors in which ACS Group companies operate makes it necessary to identify key profiles and launch attraction and talent development plans that respond to the new needs of the company. Socio-economic changes and the increased complexity of projects require more training for employees. Therefore, professional skills must be defined for sound business management and supported by programmes that allow them to be developed. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Attracting and retaining talent. The main risks associated with this material issue of the group's risk management system are: • Loss of competition in the market • High employee turnover • Loss of talent	• The Sustainability Master Plan 2025 includes a commitment to improving professional performance by increasing investment in training. The Code of Conduct, the Diversity Policy and the other developments in this area also define the framework for action. • Within this common framework, each company manages the development of its professionals in accordance with its specific needs, taking into account the Group's policy. They design training and professional and personal development programmes, and assess their impact on participants.	Indicators presented throughout this chapter 5.2, such as: - Strategies for attracting, developing and retaining talent - Training hours, investment in training, employees trained.	• Code of Conduct • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy • Human Rights Policy • Risk Control Policy.

5.3. HEALTH AND SAFETY AT WORK

Ensuring occupational health and safety in all ACS Group companies is one of the pillars of the company's strategy. 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 ACS Group remains firmly committed to implementing a culture of occupational risk prevention that allows the ultimate goal of zero accidents to be achieved. Occupational health and safety is one of the most important material issues for the ACS Group due to its activity, so management of this issue is being handled as a priority.

In this regard, the investment in health and safety in the work carried out by Group companies reached the 881 EUR per employee, which implies an increase in total investment of a 36.3% and of the investment per employee of 26.8%.

	2019	2020	2020 Rest.*	2022
Investment on Health & Safety (€ mn)	155	148	89	122
Spending per employee on Safety (euros)	778.1	1,115.5	694.9	881.0

Note: From 2020 onwards, data are shown excluding Industrial Services, following its sale in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021.

Although each Group company is independently managed and has its own action plans, they abide by common principles and objectives in the management of the safety and health of workers and other stakeholders, which have been formalised in the Occupational Health and Safety Policy, approved by the ACS Group Board on 28 July 2022.

Occupational Health and Safety Policy

It defines the following basic principles of action for all ACS Group companies:

- Compliance with the current regulations on occupational risk prevention and adoption of other more stringent measures in accordance with the requirements voluntarily agreed upon.
- Integration of occupational risk prevention into all activities and at all levels through proper planning and implementation.
- Ongoing improvement in health and safety management systems, including the performance of the actions necessary to protect employees and third parties in the facilities of each of the companies.
- The development of awareness-raising and ongoing training initiatives for workers, contractors and suppliers in occupational health and safety aspects.
- Identify the material resources necessary to achieve the targets set for the prevention of occupational accidents.
- The promotion of communication, consultation and active involvement of staff and, where they exist, their representatives on the safety and health aspects as an essential aspect in implementing the management systems.
- Cooperation with customers, contractors, suppliers, specialised organisations and other stakeholders in health and safety matters as a key factor for the correct identification and management of prevention risks.
- Cooperation with customers, contractors, suppliers, specialised organisations and other stakeholders in health and safety matters as a key factor for the correct identification and management of prevention risks.

To ensure effective health and safety management, 100% of the ACS Group companies have implemented occupational health and safety systems. To ensure their correct implementation and management, the health and safety systems are subject to regular reviews by the internal audit teams (covering 100% of the Group's employees). The certification of these management systems by an external party is also encouraged, mainly through ISO 45001 certification. Therefore, in 2022 the Group companies whose health and safety systems are certified by an external one cover a 100% of the Group's employees and ISO 45001 certification among the Group companies, reached 88.6% of Group employees. The level of certification in ISO 45001 decreased compared to previous years due to the improvement in the quality of the data reported, including ¡information from countries where this type of certification is not so widespread in the 2022 scope.

The certification of management systems is one of the key objectives of the new 2025 Sustainability Master Plan of the ACS Group, where it was established as a goal to exceed 97% of the employees covered by this certification by 2025.

	2019	2020	2020 Rest.*	2022
Percentage of total employees covered by OSHAS 18001 or ISO45001 certification	90.6%	90.8%	91.6%	88.6%

Note: For the sake of comparability 2019 and 2020 are presented restated for the sale of Industrial Services and Thiess' 50% interest.

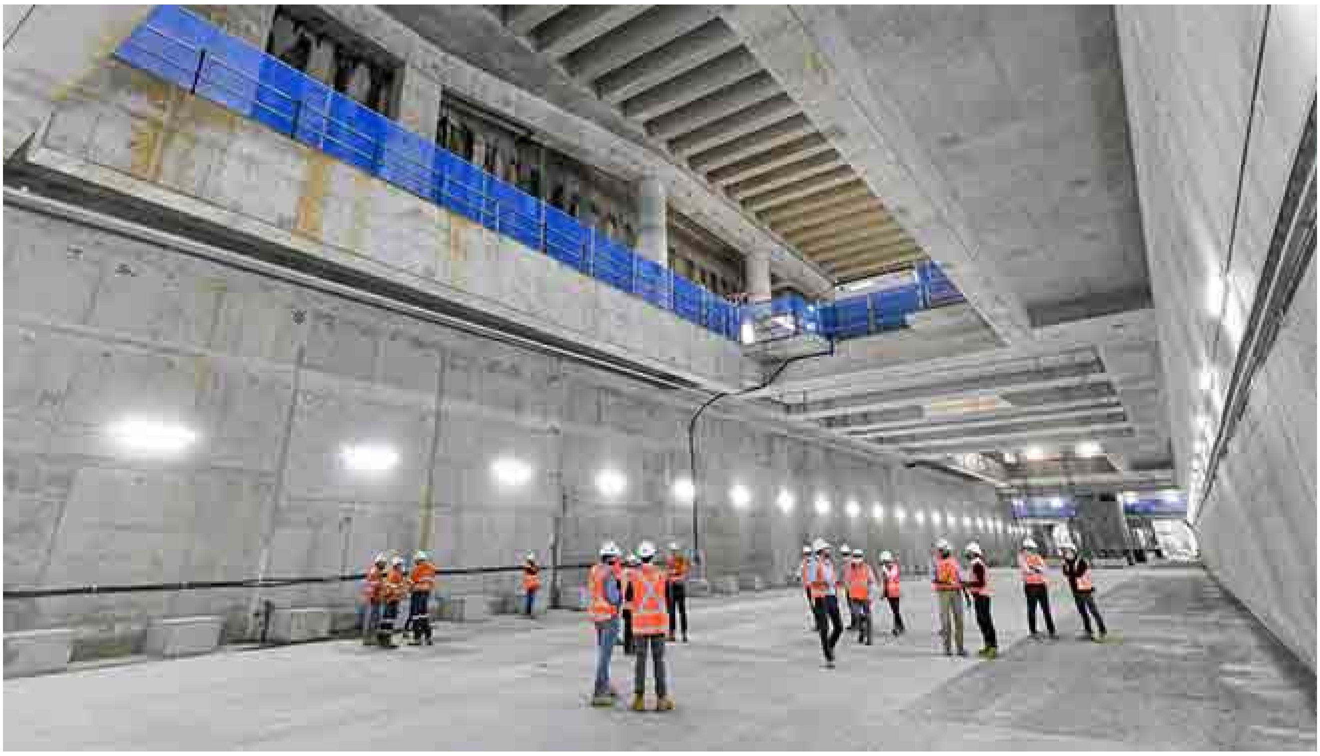
In accordance with the ACS Group's occupational health and safety policy, the ACS Group companies' own occupational health and safety systems must include:

- Periodic assessment and update of the risks to which employees are exposed.
- A definition of risk prevention plans with formal objectives, both quantitative and qualitative, that make it possible to measure performance objectively and incorporate the improvements identified in the assessment processes.
- The integration of action plans to respond to risk situations.
- Procedures for identifying and recording situations that may have arisen in an incident (near-misses), as well as procedures for investigating incidents that have occurred.
- Plans to link remuneration of staff and executives to compliance with formal health and safety targets.
- Regular review programmes by the internal audit departments and subsequent implementation, if necessary, of appropriate mitigation and monitoring measures for risk reduction.

Likewise, occupational health and safety management systems include processes for workers to report occupational hazards or situations that they observe during their activity. These channels allow ORP teams, as part of the ongoing improvement process, to assess new risks and implement the measures necessary to prevent and manage them.

This way, workers are actively encouraged to engage in occupational safety and health, through, for example, the use of the so-called “Blue Cards” in Dragados, designed for workers to report hazards, incidents, good practices, proposals for recognition or any other matter aimed at improving the safety and health of people. Or through surveys among workers who contribute most to prevention, as in Dragados USA or in Pol-Aqua. The latter is currently implementing a programme to improve the reporting of "*near-misses*" through recognition of those areas that best report them.

The supervision and optimisation of these occupational health and safety 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. Compliance with the zero accident target is becoming more feasible through the work of the prevention services, and the commitment of workers, suppliers, contractors and partner companies, as well as the use of new technologies that help and facilitate the prevention of possible incidents related to safety and health.



USE OF NEW TECHNOLOGIES IN DRAGADOS TO PREVENT ACCIDENTS

Heat bracelets

A control bracelet is used to prevent the heat stroke in particularly exposed workers.

This bracelet uses innovative, proven and patented technology by Biodata Bank.

This is a personal continuous detection device with a sensor that estimates the amount of accumulated heat and dissipated by the human body.

The alarm will be triggered if there is a risk of hyperthermia, increased body temperature, warning the worker with a visual and sound alarm, of the need to hydrate, rest and shadow until the alarm is deactivated (approximately 5 minutes).

Exoskeletons

Injuries related to overeffort and repetitive movements are one of the most common pathologies in construction. To prevent them, Dragados has launched a pilot programme based on the use of exoskeletons.

The exoskeleton is an element that is worn by the individual and is aligned with shoulder movements, reducing the effort made by the arms and improving posture. To adapt to the task, the level of assistance can be adjusted easily and without removing the device.

The exoskeleton assists the person wearing it through the use of pre-charged springs and does not need batteries or engines, which increases its availability. In addition, it is easy to put on and remove since it is light and not bulky.

Use of drones

Use of air drones to monitor the progress of the works and identify dangerous conditions, especially management of traffic and subcontractor activity. They can be used to supervise the workplace layout and if the works are being carried out as planned.

A licensed drone pilot flies over the work areas scheduled for inspection and observes the work activities following a schedule like a normal aircraft pilot. The video is analysed on the same day, in most cases by third parties, to avoid privacy problems.

The authorised pilot must also have knowledge of mechanics and be well trained, since the drones may malfunction or crash. The use of drone cameras to monitor the work also raises other problems, such as their use indoors and the existence of obstacles outside, e.g., as aerial structures, buildings and trees. These items restrict the flight area.

They can also be used for post-event review, since in an incident they are very valuable in placing people and assets in a given time and place, as well as anything else that can be observed, and be used as evidence if necessary. The operator must be an expert in reviewing the records, isolating the times and downloading them.

Fixed cameras are also used to a lesser extent for key asset security and as additional diligence in the event of an incident.

The projects currently running drone programmes are the following:

- Eglington Crosstown Light Rail Transit alignment
- Finch West Light Rail Transit alignment
- Gordie Howe International Bridge (Canada & USA segments)

Furthermore, in addition to the commitment to the occupational health and safety of its employees, the ACS Group promotes the health of its employees and it is increasingly common for Group companies to have access to health insurance or other non-employment-related health services. Some examples are the health insurance that Dragados Clece, Turner, and Flatiron, among others, offer their employees, in addition to the vaccination campaigns and the promotion of preventive medicine carried out in various Group companies.

In addition, in 2022, several ACS Group companies carried out initiatives aimed at promoting both the physical and mental health of their employees through initiatives such as Clece Bienestar. Clece also participated in events related to mental health promotion, such as the "R U OK?" event, to which UGL contributed this year through the production of a video that includes testimonies highlighting the importance of personal networks, among other initiatives carried out around this event.

CLECE BIENESTAR

Based on a development of the WellWo company, Clece Bienestar is an online platform that Clece has made available to its structure staff to promote their physical and mental health and welfare. In 2021 the Company launched this cross-cutting programme to care for employees' health through various proposals: healthy programmes with physical exercises with a wide range of functional modules; specific pills on mental, physical and environmental health; and specific content on nutrition, among others.

Each individual can configure their own participation model by registering for the various modules, as well as scheduling the frequency with which they receive information and registering as an active user of any of the health programmes. These are carried out outside working hours, since they are training activities in the form of video sessions. The platform can be accessed from any device, so that employees can connect from home 24 hours on seven days a week.

To answer real-time questions about the content of the health programmes, there is a direct channel to talk with health professionals, as well as free live sessions.

5.3.1. TRAINING

The ACS Group believes that one of the basic points of action in the effective management of safety and health at work is the training and awareness of the people who are part of the Group, such as the contractors working in projects within the Group.

Also in 2022, 100% of ACS Group employees received health and safety training throughout his career in the Company. In addition, in 2022, 73.4% of ACS Group employees received health and safety training. The figure decreased compared to the previous year due to the fact that 2021 was still affected by the extraordinary courses carried out to ensure knowledge of the protocols deployed by the Group in the fight against COVID-19.

	2020 Rest.*	2022
Employees who have been trained in health and safety over the year (%)	77.6%	73.4%
Employees who have received training in health and safety throughout their career at the company (%)	99.7%	100.0%

The ACS Group has various health and safety training programmes aimed at employees. On the one hand, there are basic knowledge courses, such as first aid, occupational risk prevention or emergency and evacuation plans, among others. In addition, specific courses are available based on the type of business and the risks associated with them, including work performed at heights, safety in atmospheres with toxic or explosive gases, and handling of specific machinery. Other courses include training focused on the mental well-being of workers, such as mental health and emotional health. For example, Dragados Canada is conducting core knowledge training courses on mental health and initial care among staff, as well as training for the Health and Safety committees to investigate, at the same level as physical injuries, potential problems or complaints from workers that may lead to mental health problems, to reduce action times.

The ACS Group collaborates with organisations specialised in health, safety and risk prevention issues and actively participates in the major conferences, congresses and forums organised domestically and internationally.

5.3.2. SAFETY STATISTICS

The occupational safety and health of its employees is one of the ACE Group's key strategic pillars in terms of sustainability. This ongoing effort made by all of the companies in the ACS Group in relation to Health and Safety has been reflected in the gradual improvement of accident rates. However, in 2022 indices were affected by the increase in accident rates in Services, which is a staff-intensive activity, representing more than 60% of the Group's employees and whose accident rates are historically higher due to the nature of the activity. In Services, accident rates have increased due to the standardisation of activity and the increase in home assistance activity that, due to its characteristics, has a higher accident rate. It should be noted that 99.9% of accidents registered in the Services area are minor and are mainly related to musculoskeletal disorders caused by overexertion and bumping against objects. Data analysis meetings are being held in the Services department to establish measures for 2023. Comparing the rates of claims for services compared to 2019, there was a -2.1 % drop in the frequency index. The 2020 accident rate must be considered unusually low due to the decline in activity arising from the pandemic. In Concessions, which represents only 0.3% of the Group's employees, the increase is due to the higher number of employees in operational activities. In Construction, the decreasing trend continues and the frequency index decreased by -16.5% compared to 2019.

ACCIDENT RATES. OWN EMPLOYEES	2019	2020	2021	2022
Frequency (1)	14.36	11.84	13.60	15.11
Severity (2)	0.37	0.34	0.38	0.46
Incident rate (3)	26.60	21.60	25.60	27.13

Note: For the sake of comparability 2019 and 2020 are presented restated for the sale of Industrial Services and Thiess' 50% interest, as well as improvements in data calculation methodology.

ACCIDENT RATES. OWN EMPLOYEES	2019	2020	2021	2022
Frequency (1)	**14.36**	**11.84**	**13.60**	**15.11**
Construction	2.66	2.32	2.62	2.22
Concessions	0.00	0.00	3.63	16.83
Services	27.04	21.16	23.16	26.48
Severity (2)	**0.37**	**0.34**	**0.38**	**0.46**
Construction	0.10	0.08	0.09	0.08
Concessions	0.00	0.00	0.04	0.51
Services	0.67	0.59	0.64	0.80
Incident rate (3)	**26.60**	**21.60**	**25.60**	**27.13**
Construction	5.55	4.74	5.26	4.42
Concessions	0.00	0.00	6.13	32.35
Services	44.61	34.91	41.42	43.68

Note: For the sake of comparability 2019 and 2020 are presented restated for the sale of Industrial Services and Thiess' 50% interest, as well as improvements in data calculation methodology.

(1) Frequency Rate: Number of accidents occurring during the working day per million hours worked.

(2) Severity Rate: Number of working days lost due to accidents per thousand hours worked.

(3) Incidence rate: Number of accidents with sick leave per thousand workers.

As stated above, historically, the Services activity, due to the nature of business, is associated with a higher incidence and frequency rate. Given the weight of the Services activity, it impacts the Group's consolidated indicators, especially in the gender breakdown, since this is where the highest concentration of women in the ACS Group is found.

	2021		2022	
Accident rate	**Men**	**Women**	**Men**	**Women**
Frequency	**7.35**	**19.48**	**7.51**	**22.65**
Construction	3.02	0.71	2.57	0.56
Concessions	5.28	0.00	21.68	10.20
Services	23.69	23.04	24.41	27.02
Severity	**0.21**	**0.55**	**0.25**	**0.67**
Construction	0.10	0.04	0.09	0.02
Concessions	0.05	0.02	0.29	1.07
Services	0.64	0.64	0.81	0.80
Incident rate	**14.17**	**35.40**	**14.30**	**38.02**
Construction	6.04	1.33	5.13	1.02
Concessions	9.22	0.00	37.66	20.00
Services	40.39	41.68	40.27	44.59

Each one of the Group's companies closely monitor these indices and due to the importance given to these aspects, periodic reporting, in many cases is weekly or monthly, of the accidents and incidents that have occurred is a common practice, in order to assess the effectiveness of the measures implemented.

Occupational diseases dropped in 2022 to 65 cases. None of these occupational illnesses resulted in the death of the employee. The main types of occupational illnesses are mainly due to ergonomic injuries that vary depending on the type of activity carried out (the most common are due to repetitive movements or forced positions).

The main types of work-related injuries that occur to ACS Group employees are, for the most part, linked to bumps or bruises, cuts, sprains, fractures and/or sprains of the legs and arms, as well as eye injuries. The common cause of these injuries is often due to overexertion, ergonomics, falls and the use or handling of objects or tools.

	2021	2022
Total number of cases of occupational diseases (employees)	**66**	**65**
Total number of cases of occupational diseases (Male employees)	29	37
Total number of cases of occupational diseases (Female employees)	37	28
Occupational Disease Frequency Rate (employees)(1)	**0.272**	**0.262**
Occupational Disease Frequency Rate (Male employees)	0.247	0.300
Occupational Disease Frequency Rate (Female employees)	0.297	0.225

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

ACCIDENT RATES. CONTRACTORS

The dissemination of the culture of prevention between suppliers, contractors and collaborating companies is another one of the Group's basic guidelines of action in this area. The Group continuously monitors the health and safety conditions of these stakeholders and records the accident rates associated with them.

It is also important to note that the ACS Group's Occupational Health and Safety Policy is also applicable, where appropriate, to the ACS Group Business Partners, including the contracted companies acting on behalf of the Group, joint ventures, and other equivalent associations, provided that the Group is in charge of their operational control.

For the other Business Partners, the alignment between their own policies and the ACS Group policies will be assessed and, where appropriate, adherence to them will be promoted.

In 2022 there were 2 cases of occupational illness but no deaths due to this cause were recorded among subcontractors. In this regard, the main types of injuries caused by occupational accidents and illnesses are linked to the same causes as those described for employees when performing the same activity.

CONTRACTORS	2019	2020	2021	2022
Frequency	2.91	3.36	3.01	2.93
Severity	0.10	0.10	0.12	0.11

Note: From 2020 onwards, data are shown excluding Industrial Services, following its sale in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021.

	0	2021	2022
Frequency	**3.36**	**3.01**	**2.93**
Construction	3.34	3.00	2.91
Concessions	12.87	7.68	47.48
Services (1)	—	—	—
Severity	**0.10**	**0.12**	**0.11**
Construction	0.10	0.12	0.11
Concessions	0.00	0.03	0.07
Services (1)	—	—	—

(1) Since Clece does not work with subcontractors, the indicators for the Services activity are reduced to 0.

Likewise, the ACS Group's commitment to the safety and health of its suppliers, contractors and collaborating companies takes the form of training that is provided to ensure that they are aware of all of the safety measures available that the Group makes available to them to safely carry out their activities. In 2022, 82.6% of the Group's contractors had received training in the reporting year and 100% throughout their relationship with the ACS Group.

Also, in Group companies Dragados has provided 201,442 hours of contractor training. It is important to highlight that the Group has recently begun to record indicators related associated with the training of the contractors, so there are Group companies that have begun to monitor this information so that it will be available for the coming years.

COMMITMENT TO SAFETY AND OCCUPATIONAL HEALTH OF CONTRACTORS (DRAGADOS) - CONTRACTORS LEAGUE

The Euston Station project developed a subcontractor classification programme based on health and safety performance

The official in charge of each section rates the subcontractors they supervise based on aspects such as:

- Leadership
- Supervision
- Participation in meetings for on-site inspections
- Management of observations and incidents
- Communication of risks and change management

Those who systematically obtain the best scores are eligible for the recognition programme. Improvement plans are offered to those who obtain poor scores in different areas.

The programme not only aims to improve the performance of subcontractors in terms of safety, but also to increase their commitment and motivation by involving them in the Group's safety culture.

5.3.3. MANAGEMENT OF RISKS RELATED TO HEALTH AND SAFETY

The functions attributed to the Audit Committee of the Group's Board of Directors include the review, monitoring and assessment of the Group's Sustainability Policy, as well as the other related internal regulations, including that pertaining to the Occupational Health and Safety Policy.

The ACS Group companies will develop these policies in accordance with the characteristics and needs of each one of the Group companies, but always maintaining the common management principles described in the Occupational Health and Safety Policy and focusing on the fundamental objective on which the entire company is focused, which is the objective of zero accidents.

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

Issue	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable Policies ACS Group
Occupational health and safety in employees and contractors	Ensuring occupational safety and health among employees and contractors is a key aspect in the sector. Occupational accident rates in the infrastructure sector are higher than in other sectors, negatively affecting the perception of stakeholders. Therefore, the ACS Group manages the risks and promotes a safe and healthy working culture and environment through action plans, which establish prevention and monitoring measures with specific targets. Likewise, to ensure adequate control, supervision and monitoring of these aspects, the risks associated with them were integrated into the ACS Group's Risk Map, the associated risk being: Health and Safety and Occupational risks. The main risks associated with this material issue of the group's risk management system are: • High accident and occupational disease rates • Loss of employee productivity • Reputation risks	• In the 2025 Sustainability Master Plan, one of the strategic lines is to prioritise the safety and occupational health of employees and contractors. The Sustainability Master Plan has specific commitments focusing on extending the certification of occupational health and safety management systems to international standards, reducing the rate of accident rates for own employees Safety and Health. To achieve this global commitment, each company independently manages health and safety, planning and implementing activities and measures such as periodic risk assessments and the definition of prevention plans with annual objectives. • There is a Occupational Health and Safety Policy in the ACS Group that is common to both Group employees and contractors. This policy establishes the basic principles of common action for all ACS Group companies. • Most companies have a management system to comply with the action plans approved by senior management. • The Company set occupational health and safety targets linked to the Board's variable remuneration. • The Group collaborates with specialised organisations and participates in congresses on this matter.	Indicators presented in this point 5.3. relating to: • Health and safety standards, also required for the supply chain. • Zero-accident policies: mitigation plans and reduction targets. • Safety and health training and awareness. • Monitoring of accident rates, frequency and severity indicators.	• Occupational Health and Safety Policy • ACS Sustainability Policy • The ACS Group's Code of Conduct • Code of Conduct for Business Partners • Human Rights Policy • Risk Control Policy

5.4. REGULATORY COMPLIANCE

5.4.1. ORIGIN, EVOLUTION AND MAIN ELEMENTS OF THE COMPLIANCE MANAGEMENT SYSTEM

In April 2021, the international standard ISO 37301 on compliance management systems was published, followed in September of that year by the ISO 37000 standard on governance of organisations. Bearing the content of both these rules in mind, the ACS Board of Directors approved in December 2021 its Corporate Governance Policy in which reference was already made to the organisation's Global Compliance Management System, which aims to implement a model that respects the Group's highly decentralised management structure, allows the Audit Committee of the Board of Directors of the Spanish listed parent company to monitor and assess the effectiveness of the non-financial risk management systems related to the Company and the Group, as well as compliance with the duties of diligence of the parent with regard to subsidiaries, through a system of double risk control in the various compliance areas. This defines an ongoing process of interaction among elements of the organisation to establish Policies, Objectives and Processes so that the organisation complies with its obligations in an efficient and sustainable manner in the long term, generating evidence of the organisation's commitment to compliance and taking into account the needs and expectations of all stakeholders.

Even though ACS already had, since 2018, a global compliance management system with a comprehensive vision and cross-cutting structure from the start, not limited criminal matters, this management model was consolidated as ACS became the first unregulated listed Spanish company certified in ISO 37301 for compliance management systems in October 2022.

Thus, the Global Compliance Management System extends its scope to criminal compliance and anti-bribery; market abuse; competition law; privacy and data protection; cybersecurity; environmental due diligence and Human Rights Due Diligence; taxation; and any other areas of compliance included in the ACS Group's consolidated Non-Financial Reporting Statement, and, in general, any other scope of compliance that the Board may consider should be under the Global Compliance Management System at any given time.

Having defined the scope of the Global Compliance Management System, its main elements are identified:

- The General Compliance Policy, approved by the Board on 28 July 2022, which structured the positioning and measures that ACS has put in place regarding the prevention, detection and management of compliance risks.

General Compliance Policy

- The Compliance division comprises the Compliance Department and the Compliance Committee.
- The risk and control matrices in the different compliance areas in which compliance risks are identified and listing the measures for their prevention, detection and management.
- Policies, procedures, processes and other internal regulations that make up the regulatory body of the Global Compliance Management System.
- The planning, operation, supervision and reporting actions with regard to each of the elements of the system led by the Compliance Committee in permanent connection and in relation to the other business areas of the Organisation and, where appropriate, with the Board Audit Committee and senior management.
- The ACS Ethical Channel that allows any person empowered to do so to report irregularities or breaches of the ACS Code of Conduct and the policies that develop it; and

The disciplinary system of application in cases of non-compliance or breach of regulations under the Global Compliance Management System.

5.4.2. THE DUAL RISK CONTROL MODEL: SPECIFICATION OF THE DUTIES OF DILIGENCE OF THE PARENT WITH REGARD TO SUBSIDIARIES.

To promote the adoption of a model of compliance management by subsidiaries which can be understood as robust, the ACS Group parent has developed a dual control system:

a. The implementation and development of a homogeneous standards system for subsidiaries aimed at ensuring that all Group subsidiaries have a certified compliance management system or, at least, that it can be understood as certifiable. This system will detect those subsidiaries that have deficiencies and that do not reach the minimum level of uniformity of the group. This will include a system to control the risk posed by the subsidiaries as a whole, which in turn will identify where there is greater vulnerability to indirect risks from subsidiaries.

b. Semi-annual monitoring to identify those cases in which breaches have been reported or where compliance risks have been established, also monitoring whether the subsidiary has adequately reacted in this specific case by detecting the system's deficiencies, taking corrective actions and the steps taken to resolve them (internal investigations and their results, amendments to rules, improvements in controls, etc.).

In accordance with the highly decentralised management model of the ACS Group, the Group's parent company promotes the adoption of its own specific compliance management model by each of the subsidiaries, aligned with common regulatory standards and policies. This is why the Global Compliance Report is used among Group companies to assess the risks that the independent compliance management system of each one represents for the parent. In this way, the parent has at least one mechanism to be informed of and understand the risks to which it is exposed so that its directors comply with their general duty of control and diligence.

With this information, it can operate with the indirect risks that come from the subsidiaries, implementing and developing a second line of own control, complementary to the specific systems of the subsidiaries.

This allows for average intensity control without daily involvement in the compliance management of the subsidiary based on a system of reporting from the subsidiary to the parent. The standardised reporting system at the group level makes it possible to substantiate the existence of due control by the parent with regard to subsidiaries, promoting the adoption of own compliance management systems by subsidiaries without prejudice to the parent's supervisory and control function.

For this purpose, a tool, designed in 2019, has been constantly corrected and improved. This is the GLOBAL COMPLIANCE REPORT, which, in its latest version as of December 2022, includes the following sections:

I. Obligations in criminal compliance and anti-bribery.

II. Compliance staff and responsibilities.

III. Business partners. External diligence and risk assessment.

IV. Compliance training and communication.

V. Controls, targets and resources.

VI. Auditing and monitoring.

VII. Ethics channel.

VIII. Internal investigation procedure.

IX. Disciplinary system.

X. Breaches, analyses and corrective actions.

XI. Competences.

XII. Cybersecurity.

XIII. Environmental due diligence processes.

XIV. Human Rights due diligence processes.

XV. Tax compliance.

XVI. Corporate Governance.

The GLOBAL COMPLIANCE REPORT, which is sent by the Group's subsidiaries every six months, is supplemented by the ACS Group's Risk and Criminal Controls and Anti-Bribery Matrix, which includes both the risks to which the listed individual company is exposed due to its own activity, and the risk to which it is indirectly exposed through the criminal risks of the activities of its subsidiaries. The new risk and control matrix in the tax compliance area was added to the Group's portfolio of risks and controls regarding criminal matters and bribery in September 2022.

The Global Compliance Report also makes it possible to obtain an annual Risk Score Card in all areas of compliance reported.

5.4.3. UPDATE OF COMPLIANCE POLICIES AND PROCEDURES

The Group's main compliance policies and procedures are available to all stakeholders and business partners on the corporate website: www.grupoacs.com. The Board of Directors ensures the ongoing review of these policies and procedures to try to ensure that they are sufficient and that they are being applied, avoiding, in any case, situations that could affect the Company's credit and reputation.

Compliance policies and procedures in the ACS Group

Fulfilling the objectives set by the Committee for 2022, the regulatory body of the organisation has been reviewed and updated to align it with the following regulations:

a. A Proposal for a Directive on corporate sustainability due diligence (CSDD), which was reflected in the changes made to the following rules of the organisation:
   - Human Rights Policy
   - Corporate Protocol on Due Diligence in regard to Human Rights
   - Sustainability Policy
   - Code of Conduct for Business Partners
   - Environmental policy
   - Occupational Health and Safety Policy

b. The certifiable standard ISO 37301: 2021 on compliance management systems. The Company's willingness to certify and adapt to the content of the new UNE/ISO 37301: 2021 on global compliance management systems has led to the modification of the Document articulating the Global Compliance Management System and the approval of a General Compliance Policy that sets and publicises the positioning and measures taken by the Company in relation to compliance.

c. The UNE certifiable standard 19602: 2019 on tax compliance management systems, which has led to an update to the Corporate Tax Policy and the Internal Tax Control Regulation.

5.4.4. FIGHT AGAINST CORRUPTION AND BRIBERY

In the area of criminal compliance and anti-bribery, the Code of Conduct and the Business Partner Code of Conduct are supplemented by the Criminal Compliance and Anti-Bribery Policy and the recent Policy on compliance with international sanctions imposed on third parties, approved by the Board on 27 February 2023. This entire set of regulations is aligned with national standard UNE 19601 on criminal compliance management systems and international standard ISO 37001 on anti-bribery management systems.

Criminal Compliance and Anti-Bribery Policy

AENOR certificates at www.grupoacs.com

In 2022, all the objectives set by the Committee in terms of criminal Compliance and anti-bribery were achieved, mainly through the improvement and strengthening of the risk matrix and criminal and anti-bribery controls, by updating the determination of applicability of the risks and the controls associated with each criminal type, verifying the effectiveness of the latter, as for the final reduction of the current residual risk corresponding to each crime defined in the model.

The update and review of the risk matrix and criminal and anti-bribery controls was carried out from May to September 2022, and the nature and extent of the criminal and anti-bribery risk faced by ACS were determined. It was found that the actual residual risks had been reduced, which was validated and subsequently confirmed by the external audit and certification reports. Likewise, after the entry into force of Organic Law 10/2022, of 6 September, on the comprehensive guarantee of sexual freedom, the new types of workplace harassment and sexual harassment committed by the legal person were included in the matrix. These are in both cases cross-cutting risks that affect the entire organisation.

Similarly, due to the growing importance of sanctions in the area of contemporary international relations, applicable against States, non-State entities or individuals that pose a threat to international peace and security; together with the geographical and business diversification of the ACS Group, along with the high operational decentralisation and autonomous management that characterises Group companies, the Board of Directors, in compliance with the strategic objectives set forth in the General Compliance Policy, approved the Compliance Policy for third parties at its meeting held on 27 February 2023.

Compliance Policy for International Sanctions imposed on third parties

In relation to the opposition to acts of corruption, which included the ACS Group Code of Conduct, ACS Group companies will ensure that this obligation is fulfilled, while avoiding any transaction that may be interpreted as a gift or donation to individual politicians or political parties, whether in money or in kind. Donations or sponsorships to entities that appear not related to political parties or public officials must be prevented from fundamentally violating the provisions of this Code of Conduct.

In this regard, the approval by the Board of Directors of 27 February 2023 of the new investment policy in the Community, sponsorship, patronage and philanthropic donations of the ACS Group that complies with the certifiable standards in criminal and anti-bribery matters, anti-money laundering and countering the financing of terrorism, as well as the new national and Community regulations on corporate due diligence and reporting on sustainability (Proposal for EU Directive CSDD EU Directive CSRD) and the various requirements of our stakeholders.

	2021	2022
Value of financial and in-kind contributions made by the organization to associations (trade associations, business associations, etc.)(1)(€)	1,502,854	1,509,926

(1) Includes contributions made by ACS, Construction and Services Activities. The scope of the data in 2021 and 2022 is 20.7% and 19.8% of sales respectively.

5.4.5. HUMAN RIGHTS

The ACS Group has the mission to contribute to the development of society and future generations through its services and operations, ensuring at all times maximum respect for internationally recognised human rights (HR) in its global activity, in line with the ten principles of the UN Global Compact to which the Group is a party.

The company integrates Human Rights Due Diligence management in a cross-cutting manner across the Global Compliance Management System, which articulates, among other internal rules, those aimed at ensuring compliance with and supervision of human rights in all ACS Group Divisions, establishing the Group's Human Rights Due Diligence management system (the System), which consists of the following policies and procedures, all available on the Group's official website, which were recently reviewed by the Board on 28 July 2022:

- The ACS Group's Code of Conduct, which establishes the performance guidelines expected of all members of the Company as an essential part of its mission, values and corporate culture.
- The ACS Group's Code of Conduct for Business Partners, which must be complied with by all its business partners regardless of their geographical location or the Group company with which they maintain their contractual relationship.
- The ACS Group's Sustainability Policy, which establishes the ACS Group's environmental and social policy principles, as well as the Group's relationship with its environment.
- The ACS Group's Human Rights Policy, which establishes the responsibility to of respecting internationally recognised human rights, formalising a due diligence process to identify, prevent, mitigate and remedy adverse impacts that take place in the scope of its activity and global value chain, and to report on the effectiveness of this process.

Human Rights Policy

- The ACS Group's Protocol on Human Rights Due Diligence, which serves as the backbone of the system, establishing the approach and due diligence responsibilities required by ACS for all its employees, Divisions and Business Partners, providing the means to ensure and verify compliance as specified below:

Corporate Due Diligence Protocol Regarding Human Rights

i. The ACS Group's Human Rights Positioning Framework, the Human Rights Risk Analysis by potential breach and the Corporate Guide for the Protection of Human Rights, approved in 2019 by the ACS Group's parent company to facilitate the assessment of the potential and actual impacts on Human Rights and MA on all Group companies.

ii. Chapter XII of the ACS Group's Global Compliance Report, the standard under which the Group's Divisions continuously assess the effectiveness and application of the Protocol. It is designed to ensure the early identification of the risk of Human Rights Due Diligence associated with the potential breach of internal and external regulations applicable in the countries of operation of their various Divisions.

iii. The Human Rights Risk Scorecard and the Annual Compliance Monitoring Report in the Human Rights area of the ACS Group, whose conclusions on Human Risk compliance risk were transferred to the Audit Committee of the ACS Group parent company, as the body responsible for monitoring and evaluating the Protocol and its compliance, and for reporting regularly to the Board on this matter.

These standards constitute the essential pillars on which the Group continuously applies due diligence processes in its operation and global value chain, ensuring their compliance with applicable law in each jurisdiction and with relevant international reference frameworks: the International Bill of Human Rights, the core International Labour Organisation conventions, the UN Guiding Principles, the OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles on Multinational Enterprises.

The System is based on the 'protect, respect and remedy' pillars of the UN Guiding Principles. Thus the identification, prevention, mitigation, monitoring and remediation of potential adverse effects on human rights related to the activity of ACS (as a result of, contribution and or direct and indirect association) is facilitated, and the processes to handle any complaints or claims that may be made by those who have been the subject of this conduct and/or their legitimate representatives are defined.

To fulfil with the targets set by the Compliance Committee for this year, in 2022 the ACS Group updated the Corporate Protocol on Human Rights Due Diligence and, together with it, the other internal rules and procedures mentioned above.

The purpose of the update was the temporary and material adequacy of the System, with its thorough review and adaptation to ensure its capacity to cover recent and future regulatory requirements, of which it was worth noting, due to its scope and degree of requirement, the Proposal for a Directive on corporate sustainability due diligence (CSDD) approved by the European Commission on 23 February 2022.

The most substantial changes implemented are aimed at strengthening the following aspects:

1. Disclosure and awareness of compliance with the Human Rights Due Diligence and the use of the complaint channels enabled for workers, suppliers and business partners.
2. Extension of compliance with the Group's internal regulations to the entire global value chain.
3. Periodic analysis of Human Rights adverse effects focusing on the risk to individuals, and assessed in terms of probability and severity.
4. Regular definition of action and mitigation plans, as well as specific remediation actions in high-risk situations, following the Protocol guidelines.
5. Strengthening the governance structure on the implementation and supervision of the Human Rights Due Diligence between the various Divisions and their functional areas.
6. Integration of procedures to escalate significant incidents in this area to senior management from any point in the organisation.
7. Strengthening the Human Rights risk management and identification systems in relationships with business partners throughout the value chain (upstream and downstream).

Also, to strengthen the integration of the Due Diligence into Human Rights in the management of the Group's value chain, in 2022 the Compliance Committee carried out the review and adaptation of the Code of Conduct for Business Partners to strengthen the following issues:

1. Strengthening compliance requirements with human rights, labour rights and ethical principles.
2. Introduction of requirements to ensure compliance with the same basic principles of action in the supply chain of suppliers subject to the Code.
3. Strengthening transparency and reporting requirements for nonconformities.
4. Strengthening the clauses and the affidavit of knowledge of and compliance with the Code.

As a result of these changes, the ACS Group updated the assessment criteria regarding the Human Rights area within the *Global Compliance Report* of 2022, Chapter XII “Human Rights Due Diligence”, reinforcing the requirement for the assessment model for the ACS Group Divisions, and facilitating the identification, through the 2022 Annual Compliance Monitoring Report, of the specific action plans that each Division must implement to continuously improve its performance in implementing the Protocol, in accordance with the main standards, internal regulations and applicable regulations.

The results obtained in the Report make it possible to assess the subsequent level of compliance risk in human rights attributable to each Division specifically and to the ACS Group as a whole. It may be concluded that both ACS and the Group's Divisions are well positioned in view of the future regulatory requirements currently being developed in the area of the Human Rights Due Diligence globally, which will apply in the medium term.

However, it is important that all ACS Group divisions continuously extend and strengthen their processes in both direct transactions and the global value chain.

In 2022, 72.5% of the ACS Group's operations over the life of the project have been assessed, advancing towards to the target set by the ACS Group in the 2025 Sustainability Master Plan - namely, the assessment of 100% of its own operations in terms of human rights by that date.

As a sign of the effectiveness of the system, it should be noted that no complaints were filed against ACS Group subsidiaries in 2022 for breaches of Human Rights, and in any case the Protocol's guidelines in the area of detecting and remedying adverse impacts that the Group may have contributed to within the scope of its liability have been strengthened. Therefore, in 2022, in 79.5% of the ACS Group's own operations in which the possibility of operational risks in relation to human rights has been detected, mitigation plans have been implemented, and no remediation measures have been implemented in 2022 since there have been no breaches or nonconformities in this regard.

In 2022, the various ACS Group companies worked to ensure their effectiveness and continuous improvement in the protection of human rights, both in direct operations and along the supply chain, through the provision of training courses for their employees, analysis of operational risks in the field of human rights, promotion of dialogue with Human Rights stakeholders, among other examples. Particularly noteworthy were the progress in human rights made by HOCHTIEF, the main company of the ACS Group in turns of turnover, whose initiatives can be seen on pages 216 to 221 of its 2022 Annual Report.

5.4.6. ENVIRONMENTAL DUE DILIGENCE

The ACS Group has a firm commitment to environmental protection and the proper management of the expectations of its stakeholders in this regard, in accordance with the strategic lines defined in the Group's Environmental Policy, the Sustainability Policy, the ACS Group Code of Conduct and the ACS Group Code of Conduct for Business Partners.

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

This section includes information on non-financial risks associated with the ACS Group's due diligence compliance responsibilities. Detailed information on the Group's environmental management framework is available in section 5.1 of this report.

To fulfil the targets set by the Compliance Committee for 2022, the Environmental Policy was updated by conducting a thorough review and adaptation to ensure its capacity to meet recent and future regulatory and voluntary environmental requirements, taking into account, among other rules, Regulation (EU) 2020/853 of the European Parliament and of the Council, of 18 June 2020 on Taxonomy, and section 32 of Law 7/2021, of 20 May, on climate change and the energy transition. Accordingly, several changes were made to strengthen the following aspects:

1. Alignment with the requirements of the Proposal for a Directive on corporate sustainability due diligence (CSDD) adopted by the European Commission on 23 February 2022.

2. Alignment with the changes made to the Business Shareholder Code of Conduct.

3. Extension of the biodiversity section to include new requirements for stakeholders on biodiversity and non-deforestation.

The ACS Group's Compliance Department included chapter XI “Environmental Due Diligence” in the 2022 Global Compliance Report, including 12 issues regarding the state of performance of environmental matters, designed to influence the early identification of the environmental risk associated with the potential breach of the ACS Group's internal policies, the main international standards and the regulations applicable in the countries of operation of the various ACS Group Divisions.

In October 2022, an independent expert made the Annual Compliance Monitoring Report in the Environmental Area based on the "Risk Scorecard" method. This report aims to estimate the environmental risk of compliance to which the ACS Group Divisions are exposed and to facilitate their mitigation by defining the specific action plans that each Division must address to continuously improve its performance in this regard, assuming a new environmental compliance assessment model for the ACS Group Divisions.

The assessment was applied on the information reported by the Divisions to Chapter XI of the ACS Group's Global Compliance Report, aimed at addressing the most demanding regulatory frameworks in this regard, including:

a. The Environmental Policy for ACS, Construction Activities and S.A applicable to all Group companies

b. The 2025 PDS - 2025 Sustainability Master Plan

c. Regulation (EU) 2020/853 of the European Parliament and of the Council of 18 June 2020 on Taxonomy. The regulation establishes the criteria for determining whether an activity is considered environmentally sustainable in order to establish the degree of environmental sustainability of an investment.

d. Section 32 of Law 7/2021, of 20 May, on climate change and the energy transition. It introduced disclosure obligations on the assessment of the financial impact on society of the risks associated with climate change, including the risks of the transition to a sustainable economy and the measures taken to address these risks.

e. The Task Force on Climate-related Financial Disclosure (TCFD). Framework of recommendations to disseminate the measurement, control and management of risks related to climate change.

f. ISO 14001 on Environmental Management Systems.

The results obtained in the Report make it possible to assess the subsequent level of compliance risk in environmental matters attributable to each Division specifically and the ACS Group as a whole, and it may be concluded that it is important that all divisions of the ACS Group extend and continuously strengthen their processes in both direct transactions and the global value chain.

5.4.7.INFORMATION SECURITY

The ACS Group's parent company, through the Information Security Policy, which is mandatory for all Group subsidiaries, and based on the CISO (Chief Information Security Officer) position, has the necessary mechanisms and tools to ensure the confidentiality, availability and integrity of its information, the main one being the Director Information Security Plan that is aligned, first, with the business objectives and, on the other, with the Information Security Policy itself.

Information Security Policy

In 2022 this Master Plan changed to respond to current risk situations, with a particular focus on implementing security measures necessary to protect the main information systems, network monitoring, user accesses and setting up regular security audits on all internal and external information systems to verify not only the effectiveness of the security controls implemented but also to improve and optimise them.

In addition, as a framework for security risk management, compliance monitoring and security maturity assessment, ACS will be based on the NIST (National Institute of Standards and Technology) cybersecurity framework,which consists of five simultaneous and continuous functions: Report, Protect, Detect, Respond, and Recover, divided into 150 controls, which are a guide for the effective protection of cyber-attack information systems, focusing efforts on those parties that require greater attention.

5.4.8. COMPETITION POLICY AND COMPLIANCE PROTOCOL

On 28 July 2022, the Board of Directors of the Group's parent company approved the latest version of the Competition Compliance Policy and Protocol.

Competition compliance policy and protocol

In 2022 the ACS Compliance Committee strengthened and improved the monitoring of the effectiveness of competition compliance programmes in the ACS Group divisions, through the following actions:

I. **Improvements in the Global Compliance Report questionnaire section on competition compliance programmes:**

   a. More questions were asked, focusing on the involvement of directors and executives in the programme, training, complaints channel, compliance officer, risk map, control matrix and disciplinary system/incentive system among others.

   b. Overall scope of the assessment of competition compliance programmes, taking into account the compliance guidelines of competition authorities in Germany, Australia, Canada, Spain and the USA.

The improvements made to the questionnaire also aim to assess the effectiveness of competition compliance programmes taking into account the compliance guidelines of the competition authorities of the countries in which ACS Group subsidiaries are active.

To determine the robustness of the programmes of Spanish subsidiaries, the CNMC's Competition Compliance programme Guide and the ACS Group's Competition Compliance Policy and Protocol were taken into account.

The guidelines on compliance of the national competition authorities of their own countries, in addition to the ACS Group's Competition Policy, have been considered for the most important Group subsidiaries established outside Spain. Specifically, the guidelines on compliance of the competition authorities of the following countries were taken into account for this analysis:

- Germany: Guidelines on the premature deletion of an entry from the Competition Register due to self-cleaning y Premature deletion from the Competition Register due to self-cleaning (a practical guide) from the German competition authority (Bundeskartellamt).
- Australia: Australian Competition and Consumer Commission Competition and Consumer Compliance Program.
- Canada: Competition Bureau of Canada Bulletin on Corporate Compliance Programs.
- USA: Antitrust Division of the Department of Justice’s Evaluation of Corporate Compliance Programs in Criminal Antitrust Investigations.

These rules are important because they establish the requirements that a competition compliance programme must meet to be considered effective by the competition authorities. If a company has a solid programme that meets the conditions of these guides, the probability of committing a competition breach will be minimised. If committed by any worker, in breach of the programme, the Company may take remediation and corrective measures on time. If the authority initiates an investigation against the company, having an effective competition compliance programme can lead to a reduction in the amount of the potential fine. In addition, it may also serve to lift a potential ban on engaging with the public authorities as a result of the company's commission in the past of a competition breach.

II. Improvements in the risk assessment methodology of subsidiaries

The methodology for measuring the maturity level of the programmes with weightings was improved that take into account the level of potential competition risks in which each subsidiary is located, its size and activities, as well as the regulatory and application context of competition rules in the country in which it is active.

At the same time, even when the requirements of the guidelines on compliance programmes of the national competition authorities of different countries have been analysed, by individualising the analysis by countries and companies, the new metric used also allows a harmonised comparison of the degree of maturity of the compliance programmes of the ACS Group subsidiaries as a whole, regardless of the country in which they operate, by converging in the analysis of the effectiveness of the programmes from the dual perspective of, on the one hand, the compliance guide of the corresponding national competition authority and, on the other, compliance with the ACS Group's Competition Policy and Protocol, which applies to all its subsidiaries.

III. Work plans and specific recommendations for improving the competition compliance programmes of each subsidiary

The analysis of the responses to the Global Compliance Report reflects the progress in the competition programmes of each subsidiary and makes individual recommendations, also proposing a specific work plan for each one to strengthen and improve its competition compliance programme. The proposed improvement and reinforcement actions are specific and detailed, to facilitate subsequent thorough supervision of their degree of implementation by the ACS Compliance Committee.

5.4.9. TAX COMPLIANCE

In 2022, several actions were taken to improve the Compliance Management System, its procedures and processes to adapt the organisation's model to the UNE 19602: 2019 standard on tax compliance management systems. This certification was obtained in October.

As a result of the preparation of the two phases of the certification audit, the following reports, documents and processes were approved and adopted:

- Report on compliance with the tax compliance management system.
- UNE 19602: 2019 review on tax compliance management systems 2022.
- Tax compliance training plan.
- Tax risk and control matrix.
- Tax Compliance risk monitoring 2022.
- Review of tax controls.

The adaptation of the organisation's model to the UNE standard 19602: 2019 on tax compliance management systems has also lead to changes in the Corporate Tax Policy and the Internal Tax Control Regulation.

5.4.10. TRAINING

	2021	2022
Scope of the training plans regarding the company's human rights, ethics, integrity, conduct or compliance procedures (% of employees)	99.9%	100.0%
Number of courses given with content on Human Rights, Ethics, Integrity, Conduct or other compliance policies and procedures	455	477
Number of employees trained in Human Rights, Ethics, Integrity, Conduct in the year or other compliance policies and procedures	39,337	35,148
Training hours per trained employee	2.6	3.4

All ACS Group companies provide training to all members of their organisation on a regular basis from the time when they join the company and at planned intervals, determined in the training matrices, approved in each case by the Compliance division. This training must be appropriate to each staff member's role and the compliance risks to which they is exposed; they must be assessed in terms of effectiveness and regularly reviewed.

Taking into account the compliance risks identified in each case, the Group's subsidiaries must also ensure that procedures are implemented to address awareness and compliance training for third parties acting on their behalf that may pose a compliance risk for the organisation. Training records must be kept as documented information.

In 2022, under the impetus of the Compliance Committee of the Group's parent company, the training of members specially exposed to the different classes of compliance risk within the organisation, focused on the following compliance areas, developed in the training matrices: criminal compliance and anti-bribery system, information security, corporate due diligence on sustainability, governance and compliance, tax compliance management system, as well as the training of new employees of the organisation.

In accordance with the Work Plan resulting from the process of assessment of the Board of Directors and its Committees, the following training was given to the ACS Group Board in 2022:

- Face-to-face given to the Board of Directors on the Proposal for a Directive on corporate sustainability due diligence (CSDD) adopted by the European Commission on 23 February 2022, focusing on the due diligence of companies with regard to human rights and the environment and the consequent need to amend the Organisation's Code of Conduct for Business Partners.

- Video training on governance and compliance: directors' responsibilities and functions regarding compliance within the framework of the Company's adaptation to the new UNE/ISO 37301: 2021 and the new General Compliance Policy approved by the Company in July 2022.

- Video training on the tax compliance management system.

- Face-to-face training given to the Board of Directors on criminal and anti-bribery risks of the organisation.

5.4.11. CHANGES IN THE ORGANISATION'S INTERNAL AND EXTERNAL CIRCUMSTANCES

The annual compliance monitoring report for 2022, reported to the Audit Committee at its meeting held on 27 February 2023, included the following changes in the legal or regulatory context considered to be external circumstances relevant to the organisation:

- New framework on Non-Financial Information on sustainability. Directive CSRD 2022/2464 of the European Parliament and of the Council of 14 December 2022. Since the CSRD Directive was approved in December 2022, its development at Community level and its transposition into Spanish law will be taken into account in the developments in the organisation's internal regulations in 2023 and subsequent years.

- Proposal for a Directive on corporate sustainability due diligence.

- Code of Good Practice for institutional investors, asset managers and voting advisers in relation to their duties with regard to the assets assigned or services provided by the CNMV of 22 February 2023. New lines of action are opened for departments or areas of listed companies in relationships with institutional investors, asset managers and voting advisers.

- Organic Law 10/2022, of 6 September, on the comprehensive guarantee of sexual freedom, introducing new types of the risk matrix and criminal and anti-bribery controls.

- New system for the control of related transactions in listed companies introduced by Law 5/2021, of 12 April, which seeks to prevent a party with power of influence over the decision-making process of the listed company from making a profit to the detriment of the listed company itself, its external shareholders (not affected by the transaction) or its creditors. In adapting to this new system, the Company's Board of Directors approved, at its meeting held on 15 December 2022, the "Protocol on Related Transactions of ACS, Actividades de Construcción y Servicios, S.A.", which aims to establish an internal control procedure for identifying related transactions and articulating the approval system and, where appropriate, publicising them, in order to ensure full compliance with the legal requirements regarding related transactions. Under this Protocol, the identification and analysis of related transactions prior to their approval is carried out by an Operating Committee, the main function of which is to support governing bodies in the application of the system for related transactions. This Operating Committee was appointed by the Board on 15 December 2022, and held its first meeting on 16 December 2022.

- In the last quarter of 2022, new requirements were introduced in the organisation's compliance management model with its adaptation to international standard ISO 37301: 2021 on compliance management systems, which established in sections 4.1. and 4.2. the obligations of the organisation with regard to context and stakeholders.

The annual compliance monitoring report for 2022, together with changes in the legal and regulatory context and changes in structures, policies, processes and procedures, analysed the organisation's compliance culture, through the assessment processes led by the Compliance Committee, and finally analysed changes in stakeholders.

Since 2021, as a result of the entry into force of the Policy for Communication of economic-financial, non-financial and corporate information, and regarding Contacts and Relations with Shareholders and Other Stakeholders, as well as Contacts and Implications with Shareholders and Other stakeholders, changes have taken place in the identification of the relevant stakeholders for the purposes of the Compliance system, since the description of them has been extended. In 2022, new requirements were introduced with the adaptation of the organisation's compliance management model to international standard ISO 37301: 2021 on compliance management systems, which established in sections 4.1 and 4.2. the obligations of the organisation with regard to context and stakeholders. There were also changes in the identification of the main relevant requirements of these stakeholders in relation to the Compliance management system.

5.4.12. GOVERNANCE AND COMPLIANCE

An effective compliance management system is a fundamental pillar of the good governance of an organisation as ACS.

In accordance with the Law and the Board Regulation itself, the Board of Directors has among its functions the determination of the Company's general policies and strategies and, in particular, the determination of the risk management and control policy, including tax risks, and the supervision of internal information and control systems, including the Global Compliance Management System, to the extent that it is the mechanism for controlling compliance risks.

To perform these functions, the Board has the support of the Audit Committee, which is entrusted by both the Law and the Rules of the Board of Directors with the supervision and assessment of the effectiveness of the financial and non-financial risk management systems related to the Company and the group, including those operating, technological, legal, social, environmental, political and reputational or related to corruption and, therefore, the supervision and assessment of the effectiveness of the Global Compliance Management System.

Therefore, the Board approved, in its Plenary Meeting held on 28 July 2022, the General Compliance Policy as a formal means of adopting and implementing the Global Compliance Management System and, through the Audit Committee and the Compliance Committee, was responsible for regularly assessing its effectiveness, changing it, if necessary, when it is aware, by any channel, of the existence of serious breaches or when there are significant changes in the circumstances that concern the organisation, in the assessment of compliance risks or in the compliance targets set by the Compliance Committee.

However, to the extent that the ISO 37301 standard on which the system is based requires the Board to lead the creation of a culture of compliance, it is necessary that, together with the general formal aspects we have outlined, the Board as a whole and its members individually develop the necessary sensitivity with regard to governance and compliance aspects that uphold the values of the organisation and, in particular, promote compliance. In this regard, the ISO 37301 standard requires the Board to demonstrate an active, visible, consistent and sustained commitment to a common standard of behaviour and conduct that is required throughout the organisation, and to this end it identifies specific measures, such as ensuring that the resources necessary to manage compliance are available, supporting the relevant roles to demonstrate their leadership in their corresponding areas of responsibility or ensuring that they are informed in a timely manner of compliance issues, including cases of non-compliance and that appropriate measures are taken.

The implementation of all of the above will not only entail compliance with the obligations and principles voluntarily taken on through the internal regulations and, in particular, through the Code of Conduct, in the Corporate Governance Policy and in the General Compliance Policy, but will also entail exercising the duty of care required by commercial law and complying with the best governance standards required by responsible management of the organisations.

Also, to the extent that the rules that are part of the regulatory body of the Compliance Management System were adapted in July 2022 to the Proposal for a Directive on corporate sustainability due diligence (CSDD), the implementation and promotion of the Global Compliance Management System by the Board will also allow it to comply with the due diligence obligations required of organisations such as ACS in the areas of human rights and the environment.

All of this will in turn reflect the content/scope of non-financial information (now referred to as "sustainability information') and foreseeably also in the IAGC.

The Compliance management system thus plays a significant role in the governance of the organisation, as an element aimed at minimising risks, making processes objective, aligning interests and, ultimately, improving the sustainability of ACS as an organisation. However, the fact is that the success of the Global Compliance Management System that has been implemented in ACS depends, to a large extent, on the awareness and momentum that all members of the organization can provide and, in particular, on the Board’s leadership as the driver of a culture of compliance.

The heading “Corporate Governance “ in Section 6 of this Integrated Report, will analyse in more detail the governance model of the organisation and the function of the Board's Audit Committee in relation to monitoring compliance with corporate governance rules and internal codes of conduct and the assessment of the corporate governance system.

5.4.13. CONTROL AND MONITORING MEASURES

Established communication and complaints channels

The ACS Group’s Code of Conduct reflects the essential values of the ACS Group. Failure to comply with these values can be reported to the ACS Group's Ethics Channel. The ACS Compliance Committee, which reports to the Board through its Audit Committee, is the body responsible for promoting and managing the ACS Group's Ethics Channel and ensuring that there is no retaliation against the whistleblower.

Code of Conduct

The ACS Group's Ethics Channel is available to anyone who intends to report a potential breach within a professional context with the ACS Group, as well as to all Group contacts and stakeholders. The Ethical Channel Operation Policy is binding for directors, executives and employees who have links with Group companies, regardless of the legal nature of their relationship and those who, although not employees, are aware of any breach in their professional relationship with ACS.

The ACS Ethics Channel allows complaints to be made anonymously. Through the digital platform of the Ethics Channel, the whistleblower may keep in touch with the organisation preserving its identity and monitoring its file. However, ACS encourages whistleblowers to identify when making a complaint, giving their name, position and contact details. The staff responsible for processing it may therefore contact the whistleblower for follow-up if necessary. At the same time, ACS considers that it is the best way to prove its Policy of non-retaliation in the event of a complaint.

In this sense, it should be noted that when a (non-anonymous) complaint is filed, ACS ensures that the internal complaint procedure will be carried out in a secure manner that ensures the confidentiality of the identity of the complainant and other related information.

All members of the organisation and interested parties are encouraged to submit information related to potential breaches of the Code of Conduct, as well as to request guidance related to compliance policies and procedures or to provide suggestions.

The information provided by the whistleblowers will be managed in a fully confidential and anonymous manner if they so wish. ACS will process the personal data for the processing and investigation of the complaint made through the Ethics Channel, for the purpose of detecting and avoiding potentially unlawful conduct and/or contrary to the ACS Code of Ethics and for the defence of the Company's interests and rights. Whistleblowers can exercise their data protection rights by addressing Avda. Pio XII, 102, 28036, Madrid, Spain or email pdd@grupoacs.com. More detailed information on the processing of your data is available in the data protection section of the website as well as directly in the information regarding the users of our Ethics Channel.

The ACS Group's Ethics Channel can be accessed.

By post sent to:

Canal Ético Grupo ACS
Avda. Pío XII 102, 28036 Madrid, Spain.

Through the corporate website https://www.grupoacs.com/compliance/canal-etico / or directly through the following link to the Ethicspoint platform operated by Navex Global:https://secure.ethicspoint.eu/domain/media/en/gui/108376/index.html

Through the telephone hotline 24 hours, 7 days a week, at the following numbers:

Country	Telephone number
Spain	900876841
United States	833 7781 528
Canada	833 7781 528
France	800990846
United Kingdom	0800 077 3019

Queries and complaints received in 2022

In 2022, 4 complaint files were opened in the ACS, Actividades de Construccion y Servicios,S.A. Ethics Channel, referring to ACS Group companies, of which three are in the course of processing.

The list of queries and reports received via the Ethics Channel of the Clece Group, the Dragados Group and the Iridium Group is as follows:

- Dragados Group: 50 queries/reports were received, through its different ethics channels, from different users, 28 submitted digitally, 9 by telephone and 13 through the website. The locations of origin of these inquiries/reports were: 14 from Spain, 21 from the United States, 3 from Argentina, 8 from Poland and 1 from Canada, with 43 from employees, and the rest miscellaneous. The reasons for the communications/reports received were: 10 due to alleged cases of harassment and discrimination, 11 due to irregular conduct, 5 due to conflicts of interest, 6 due to labour relations, 6 due to compliance and regulation reasons and 12 due to other reasons. Twenty of the communications/reports were resolved in less than 15 days, twelve between 15 and 30 days, eight between 30 and 60 days, eight in more than 60 days, and two are still under investigation. Of the 50 inquiries/complaints received: 22 inquiries/complaints were filed; 5 were filed away and no measures were implemented, 3 were filed away after giving recommendations, 6 were not admitted or could not be verified, 7 were resolved with improved controls, one is being investigated by an external party, and 2 are being processed.
- Iridium: through its Ethics Channel, 10 inquiries/reports were received in Spain, all digitally, regarding questions about the internal policies which were answered in less than one month.
- Clece: received 57 inquiries and 119 complaints through his Ethics Channel. All complaints are from Spain, of which 55 came through email, 63 through the Ethics Point platform and one through regular mail. Of all the complaints, 24 were due to alleged harassment, 34 due to the quality of the service, 41 due to employment relationships, 19 due to breaches of the code of ethics and conduct, and one related to criminal risks. 62 of the complaints received were resolved over an average period of less than 15 days, 49 in less than 100 days, 2 more were closed before the end of the year and 6 are still pending resolution.

HOCHTIEF received 109 communications through its channels in 2022, all related to human resources issues. In 2022, 80% of the cases were completed and 22 of them were pending resolution at the end of 2022.

5.4.14. COMPLIANCE RISK MANAGEMENT

The General Risk Control and Management Policy, as a framework rule, affects all the ACS Group Divisions, including all issues relating to compliance. The Integrated Risk Control and Management System covers all types of risks that could jeopardise the achievement of the objectives of the Organisation and the ACS Group companies.

In December 2022, the Board approved the update of the ACS Group's General Risk Map, as explained in point 2.3 of this Integrated Report. With regard to the ACS Group's compliance risks included in the General Map, it should be noted that they are part of the Group's list of priority risks, within non-financial risks.

General Risk Control and Management Policy

2.3. With efficient risk management

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

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

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

a. Supervising and assessing the effectiveness of financial and non-financial risk management systems related to the Company and the group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risk management systems.

b. Reassessing, at least on an annual basis, the list of most significant financial and non-financial risks and assessing their level of tolerance, proposing, where appropriate, their adjustment to the Board. To this end, the Committee will hold at least annually a meeting with senior executives of business units explaining business trends and associated risks.

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

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

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

Annual Consolidated Report

Annual Corporate Governance Report

Furthermore, in the course of its activities, the ACS Group is subject to contingent liabilities of various types that arise from litigation or administrative proceedings. It is reasonable to consider that these will not have a material effect on the economic and financial situation or on the solvency of the Group, and provisions have been made insofar as they may have a material adverse effect. All information about them can be found in Note 36.02 to the consolidated financial statements.

5.5. MANAGEMENT OF RELATIONS WITH STAKEHOLDERS

The ACS Group defines stakeholders as groups with the ability to influence the achievement of the organisation's objectives or that may be affected by its activities. The basic principles of action that the ACS Group follows in relations with its stakeholders and the environment are based on compliance with current national and international law, as well as the sustainability commitments entered into voluntarily by the ACS Group and included in the Group's Sustainability Policy.

The figure below indicates the main stakeholders with which the the ACS Group has relationships:

Likewise, in order to know and respond to the expectations of the stakeholders, and for the ultimate purpose of establishing relationships of trust with them, each one of the Group companies makes different channels of communication available to them.

These channels promote transparency, participation and active listening of all stakeholders. Responsible communication practices to prevent the manipulation of information and safeguard integrity and honour. For this reason, the communications are based on criteria of impartiality, clarity, precision, consistency and responsibility, notwithstanding the need for confidentiality in the execution of the activity.

These general communication principles are defined by the ACS Group in its Policy on Reporting Economic-Financial, Non-Financial and Corporate Information, and on Contacts and Implications with Shareholders and other stakeholders aimed at, among other matters, establishing a general framework that promotes communication between ACS, its shareholders and other stakeholders.

The purpose of this Policy is also to define the general and specific channels established by ACS to implement and develop a strategy that facilitates communication, ensuring fair treatment of interlocutors and also establishing direct and indirect means of disseminating relevant economic, financial and non-financial and corporate information that, on both mandatory and voluntary basis, ACS provides to shareholders and markets in general.

Policy for Communication of economic-financial, non-financial and corporate information, and regarding Contacts and Relations with Shareholders and Other Stakeholders

STAKEHOLDER	COMMUNICATION CHANNEL	MAIN COMMITMENTS OF THE ACS GROUP
CUSTOMERS Any entity or person that contracts or acquires the services or products marketed by the different ACS Group companies. The commitment to clients is addressed from a clear strategy, as included in the Group's Sustainability Policy.	– Group websites and Public reports. – Ethics Channel. – Corporate mailboxes. – Channels for submitting complaints/claims. – Satisfaction surveys. – Social networks. – Dossiers and press releases. – Meetings with clients. – Trade fairs and forums.Publication of relevant facts.	– Effective resolution of problems and incidents. – Ensuring the best technical and economic solutions. – Building stable, honest and trusted relationships. – Anticipating and tracking client needs. – Periodic measurement of satisfaction. – Ensure protection and confidentiality of information.
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS Natural persons, legal entities and entities with capital interests or shareholdings in the ACS Group. The Group has a Contact and Implication Communication with Shareholders, Institutional Investors, Asset Managers, Financial Intermediaries and Voting Advisors, and the shareholders' right of information is included in various provisions of the General Meeting By-Laws.	– Group websites and relevant public reports and facts. – Ethics Channel – General Shareholders' Meeting. – Shareholder and investors section on the website, electronic forum and shareholder service office. – Investor Agenda and Investor Day. – Dossiers and press releases.	– Maximising shareholder profitability. – Information transparency. – Promotion of informed participation of shareholders in the ACS Group.
EMPLOYEES Any person who works for any company that forms part of the ACS Group. The ACS Group's General Code of Conduct constitutes a guide for the professional performance of all of the employees and executives of the Group. The group also has a number of policies that apply to employees that are specifically covered in Chapter 5.2 of this report.	– Group websites and Public reports. – Ethics Channel. – Intranet. – Workplace climate surveys. – Corporate communications. – Meetings. – Health and Safety Committees.	– Promoting integrity, professionalism and respect. – Promoting professional and personal development. – Ensuring equal opportunities, diversity and inclusion. – Promoting a culture and corporate values with which the people in the ACS Group identify. – Ensuring the highest levels of occupational safety and health. – Respect for Human Rights.
SUPPLIERS AND CONTRACTORS Persons or companies that provide their services or products to the ACS Group and are part of its supply chain. The ACS Group's Code of Conduct for Business Partners establishes the principles which all market operators must comply and expressly accept in order to establish commercial relationships with the Group.	– Group websites and Public reports. – Ethics Channel. – Periodic meetings.	– To ensure objective and impartial treatment in the selection of suppliers and contractors. – Responsible and sustainable management of the supply chain. – Compliance with supplier and subcontractor management rules and systems. – Analyse the level of compliance with these systems.
SOCIETY All those individuals, local communities, NGOs, industry associations, media, etc., that are part of the environment in which the ACS Group operates. To demonstrate its commitment to the economic and social development of the communities in which the Group operates, it relies on its Social Action Policy linked to its business strategy.	– Group websites and Public reports. – Ethics Channel.Participation in organisations and institutions. – Public relations department and press articles.Social networks. – Organisation of events, participation in forums, collaboration and volunteering.	– To promote the economic and social development of the countries in which the Group carries out its activities. – To drive forward the business and its sustainability To improve the Company's prestige and reputation
ADMINISTRATIONS AND REGULATORY AUTHORITIES (1) All representatives of local, regional and international governmental institutions and public entities with which the ACS Group is in constant communication. The commitments established by the Group in regard to the regulatory authorities and administrations are included in the Group's Sustainability Policy.	– Participation in organisations and institutions. – Participation in forums and events. – Official communication channels of the Administrations	– Continuous cooperation acting always in good faith. – Ensuring integrity and transparency in relationships by encouraging fair competition and the appropriate use of public resources.

(1) In 2022, the ACS Group did not make any financial or in-kind contributions to political parties, as stipulated in the ACS Group Code of Conduct. The subsidies received by the ACS Group in 2022, as shown in the Group's Consolidated Balance Sheet, included in the Economic Financial Report published along with this report, totalled 2.04 million euros. For more information, see section 5.9 of this report.
ACS Group companies participate in different sector associations and other organisations aimed at promoting social, technological or environmental initiatives. The amount allocated to these associations in the year can be consulted in point 5.4. of this report. Some sectoral associations and organisations in which ACS Group companies participate are Aspel, Asade, Aseata , Asociación Empresas Constructoras de Madrid, Association des constructeurs de routes et grands travaux du Québec, Canadian Council for Public-Private Partnerships,Construction Industries of Massachusetts, Cámara de Comercio de España, CEOE, ECTP AISBL, Ecoembes, Florida Transportation Builders' Association, National Association Woman in Construction , National Safety Council ,Pacto Mundial,Polish Association of Construction Employers, Seopan ,Wirtschaft macht Klimaschutz, among others. More information on the participation of associations by HOCHTIEF, the Group's main company by volume of sales, can be found at the following link: https://www.hochtief.com/contracts/;

It should be noted that within the framework of the definition of material issues of this report, the ACS Group consults with its stakeholders to identify those areas of the company's management considered to be most significant. The results of the survey are provided in point 7.2. Identification of relevant issues.

COMMITMENT TO INFORMATION TRANSPARENCY

One 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 the company's clients and other stakeholders are respected.

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

- Conveying the Company's overall corporate strategies, as well as those specific to each of the Company's business divisions, to the outside world.
- Conveying the facts of the Group's business so that the Group's different stakeholders recognise 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 fluid relationship with the different stakeholders related to the Group.

Transparency Indicators	2021	2022
Website		
Visits to the website	223,061	203,089
Pages viewed	665,918	565,405
% of new visitors	86.4%	77.1%
Shareholders & Investors		
Meetings organized by Investor Relations	172	184
Calls/emails from shareholders answered	980	1,196

Therefore, it is a basic principle of good governance for the Company to ensure transparency and maximum information quality, so that the public information of the Company and the Group is presented in a clear, complete, simple, orderly and understandable manner for all Company stakeholders. The ACS Group manages its commitment to transparency towards its stakeholders through the “Policy for Communication of economic-financial, non-financial and corporate information, and regarding Contacts and Relations with Shareholders and Other Stakeholders” aimed at, among other matters, establishing a general framework that promotes communication between ACS, its shareholders and other stakeholders, taking into account the particular role with regard to financial intermediaries, institutional investors, asset managers, voting advisers, credit assessment agencies and other market actors, in order to facilitate the transfer of information by the Company and, in particular, the exercise of their rights by shareholders, mainly those of attendance and voting at the General Shareholders' Meeting.

The purpose of this Policy is also to define the general and specific channels established by ACS to implement and develop a strategy that facilitates communication, ensuring fair treatment of interlocutors and also establishing direct and indirect means of disseminating relevant economic, financial and non-financial and corporate information.

5.6. CONTRIBUTION TO SOCIETY

The ACS Group seeks to carry out its activities by creating shared value in the environments in which it operates, acting as an engine for economic and social development.

To maximise value creation, the ACS Group prioritises the use of local resources, favouring the exchange of knowledge, the transfer of technology and growth of an industrial fabric that contributes to economic growth and social well-being. The ACS Group's commitment to society has two facets:

1. Contributing to the development of society through value creation, local development and compliance with the Sustainable Development Goals.

2. Through its social action, which is understood as a voluntary commitment, which goes beyond its business activities, in order to contribute to the well-being of the society, allocating resources to community investment initiatives, sponsorship, patronage and philanthropic donations (non.profit, both through Group companies and through the Foundation, which has autonomously managed.

To articulate this commitment to society, the Group is supported by a Policy Governing Community Investments, Sponsorship, Patronage, and Charitable Giving which is directly linked to the company's business strategy, the ACS Group Sustainability Master Plan and the UN Sustainable Development Goals, to which ACS and its Group contribute.

Policy Governing Community Investments, Sponsorship, Patronage, and Charitable Giving

ACS Group companies have the power to select the initiatives carried out, in accordance with the strategic priorities of their business and the needs of the communities in which they operate, but always in accordance with the common principles of action defined in this Policy:

- To generate shared value in communities where ACS and its Group operate by means of Initiatives in line with the ACS Group Sustainability Master Plan and its contribution to the SDGs, in harmony with the Group's main areas of impact and influence.

- Improving the recognition and reputation of ACS and its Group, strengthening the trust placed in it by its employees and stakeholders, promoting Initiatives based on social dialogue and corporate volunteering programmes.

- Striving to generate a significant and lasting social impact, seeking to develop initiatives in collaboration with specialised institutions and organisations.

- Ensuring the ethical and transparent management of Initiatives by monitoring and disseminating the social impact generated.

7.3.5 Contribution to compliance with the Sustainable Development Goals

Each ACS Group company may appoint a department or persons responsible for this matter whose functions will include those of:

- Selecting and managing the Initiatives, taking into account the associated risks and opportunities.

- Defining and monitoring the impact measurement indicators of the Initiatives.

- Promoting corporate volunteering programmes that enable employees to actively participate in the Initiatives.

- Acting as coordinator and point of contact between employees and the company for the implementation of these programmes.

Furthermore, the ACS Foundation is an autonomous and independent nonprofit entity from the ACS Group, which, under the leadership of its Board of Trustees, fulfils its founding purposes, returning to society some of the benefits obtained by the ACS Group, through patronage activities and cultural, institutional, sports or environmental sponsorships, awards and scholarships, training and research, charity and similar activities at both the national and international levels. The ACS Group's parent company may channel and manage part of the resources allocated to implementing this the Policy Governing Community Investments, Sponsorship, Patronage, and Charitable Giving, both nationally and internationally, through the ACS Foundation.

Thus, in 2022 the initiatives carried out by both Group companies and the ACS Group Foundation involved a total investment of EUR 14.3 million for Social Action.

5.6.1. SOCIAL ACTION OF THE ACS GROUP COMPANIES

In 2022, the ACS Group continued to demonstrate its commitment to society through the initiatives carried out by the various ACS Group companies.

Within the ACS Group's decentralisation plan, each Group company has the power to choose the social action activities with which it identifies itself most and in which it wishes to participate, through initiatives consistent with the Group's main areas of impact and influence, such as:

- Contributing to community development, facilitating access to basic, safe, sustainable and inclusive infrastructures and services.
- Strengthening community resilience and adaptability in the face of climate risks and natural disasters.
- Encouraging environmental protection by creating social awareness and promoting initiatives aimed at reducing pollution, preserving biodiversity and water resources, and the circular economy.
- Strengthening the business fabric and job creation in local communities where the Group operates.
- Fostering the development and professional training of adults and young people, increasing their employability and nurturing specialised talent.
- Contributing to equal opportunities and the occupational inclusion of vulnerable groups.
- Contributing to science, research, and technological dissemination.
- Promoting gender equality, supporting women's access to training and professions related to science and engineering.

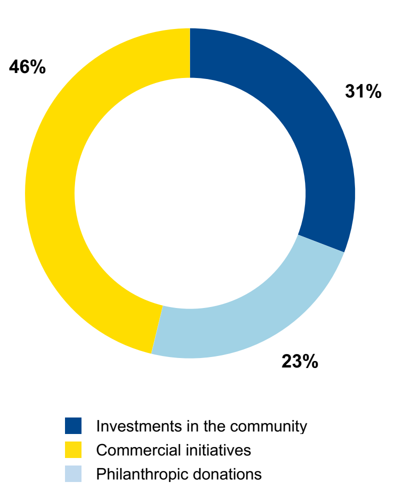
In this way, the initiatives carried out by the Group seek to align with the strategic priorities of the Sustainability Master Plan as well as the priority SDGs defined by the Group.

The targets set in the 2025 Sustainability Master Plan also include promoting investment in the community by progressively increasing the funds allocated, as well as improving the monitoring and measurement of the impact on society.

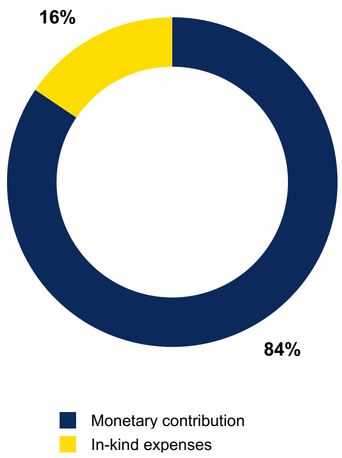
Main Indicators of Social Action of Group Companies	2021	2022
Cash funds allocated to Social Action (€ mn) (1)	4.9	7.2
Monetary estimate of in-kind contributions to Social Action (€ mn) (2)	1.4	1.3
Estimated number of people benefited by social action	113,774	78,312
Number of citizen awareness courses or activities carried out (road safety, environment, efficiency, social integration,...) (3)	266	112
Number of volunteers (employees) who have participated in these awareness-raising activities (3)	649	148
Number of foundations or NGOs that received grants/support during the year (3)	371	365
Number of events (conferences, exhibitions, sporting events, etc.) sponsored during the year. (3)	16	17
Time employees have spent this year volunteering during the workday (h) (3)	9,714	15,499

(1) The year 2022 includes the contribution of 1 million euros made by ACS to Cáritas Madrid Futuro-Ukraine.
(2) Includes administration expenses in 2021 and 2022 for €0.9 mn and €0.9 mn respectively, as well as the monetary estimate of time used by employees for volunteer activities in working hours in 2021 and 2022 for €0.2 mn and €0.3 mn respectively.
(3) Scope of data of 24.11% and 21.18% of sales in 2021 and 2022.

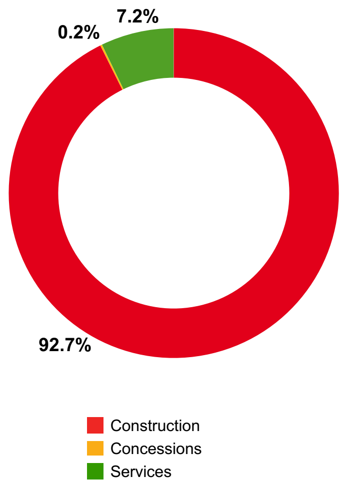
INVESTMENT BY TYPE OF ACTION



INVESTMENT BY TYPE OF CONTRIBUTION



INVESTMENT BY BUSINESS AREAS*



*€ 0.9 mn of administrative expenses are excluded, including them by business area, the distribution would be as follows: 81% Construction and 19% Services.

Some examples of initiatives carried out by ACS Group companies in 2022 are shown below. These initiatives are mainly aligned with SDG 8 on decent work and economic growth, SDG 10 on reducing inequalities in and between countries, as well as SDG 11 on sustainable cities and communities, which in turn are strongly linked to the strategic priorities of the Group for the development of specialised and diverse talent, economic and social development at the service of the local community and transition to sustainable infrastructure. In addition to these basic initiatives for the Group and in line with its strategy, initiatives were carried out in 2022 to respond to specific emergency situations in the various local communities.

HOCHTIEF'S BRIDGES TO PROSPERITY (B2P)

Since 2010, HOCHTIEF has been a partner of the US non-governmental organisation Bridges to Prosperity. Together with B2P, HOCHTIEF pursues the goal of giving people in remote rural regions better access to key infrastructure such as schools, hospitals and markets. To this end, pedestrian bridges are built that provide safe passage, especially in the rainy season. In this partnership, HOCHTIEF intends to specifically support the population of regions in which the Group itself does not operate.

HOCHTIEF also normally supports the construction of bridges by sending employee teams to carry out construction work together with local communities. Due to the pandemic, this has not been possible since 2020. However, HOCHTIEF financed a bridge project that was completed by a B2P team in the year of the report. The Gitovu bridge in North Kigali allows about 2,100 people people to pass when the Gitari River rises during the rainy season. Bridges to Prosperity analyses show that pedestrian bridges have a significant impact on communities. After the construction of the bridge, 59% more women find work, agricultural productivity increases by 75%, and income increases by 30%.

HOCHTIEF will continue these activities in 2023. HOCHTIEF plans to send its own teams again in the coming years. To date, more than 270 employees from across the Group have participated in B2P projects, and all have described the experience as very rewarding. The projects thus contribute to employee loyalty and motivation.

AID AGAINST FLOODS IN QUEENSLAND

CIMIC mobilised after the disastrous floods that damaged more than 50,000 homes in Queensland and New South Wales (Australia). The Company and its staff donated a total of AUS 300,000 (approximately EUR 194,000) to the Red Cross, the Lifeline crisis aid line and the BizRebuild reconstruction programme. Practical support was also provided, such as when CPB Contractors helped with two mobile labour offices after the floods affected Lifeline's office in Lismore.

CORAZÓN Y MANOS (HEART AND HANDS) PROJECT (CLECE)

Corazón y Manos is a non-profit association that was created out of the social commitment of a group of workers in Clece.

The main objective of the Corazón y Manos Foundation is to put into practice the social commitment of its partners and contribute to improving the quality of life of people and their social development, paying special attention to the most disadvantaged groups in society.

Its activities include providing assistance to the personal cases emerge in the "Clece community": employees, family members of employees and users of the services managed by the company.

In 2022, in addition to activities and collaborations with other entities, 4 essential lines of action were developed:

- Employment project: a social and work integration project in which, in addition to promoting the employment of people belonging to groups with a high risk of social exclusion, we seek improvements in the employment (increase in number of working hours and job stability) of people with special needs.
- Social emergency: aid to people or families suffering from extreme situations. We work on these projects individually and seek solutions for each of them.
- Decent housing: access to housing is one of the most pressing problems of Spanish society. From the association we manage aid to prevent people from falling into situations of homelessness or inadequate housing.
- Legal advice: The project helps people who have significant difficulties in carrying out essential procedures such as the processing of documentation, claims, wills and inheritance, fines, taxation, tax divorces, debts... The service is carried out through partnerships with various universities.

EMPLOYMENT ROUTES (CLECE)

"Employment routes" are a Clece initiative to bring job vacancies closer to the population in an innovative and effective manner. Several selection technicians travelled to cities and towns all over Spain in a bus refurbished as a mobile office to carry out job interviews with the aim of prioritising the recruitment of people from locations and regions where the chances of finding a job are increasingly remote. In addition to promoting employment in rural settings, special attention was paid to the work integration of vulnerable groups and people who have not been able to adapt to digitalisation and find it particularly difficult to find employment.

Candidates could register for these interviews through a website created for this purpose or request it through a free telephone line hat the company provided in each province. The range of offers covered areas such as nursing, help in the home, carer, cleaning, security and gardening.

In this first year in which Clece has carried out this initiative, more than 20 selection technicians travelled on different routes and interviewed more than 5,600 candidates, offering 1,350 jobs.

CLECE WITH UKRAINE

The situation in Ukraine as a result of the Russian invasion caused Clece to take a number of measures:

- The Company carried out a census of workers from Ukraine. All of them were contacted and asked about their needs. Of the 71 Ukrainian workers on staff, 10 wish to bring family or friends to Spain.
- This need caused the company to organise a convoy to bring 45 refugees, relatives and friends of Ukrainian employees to Spain. We organised the convoy by partnering with GIRAS (Rescue Aid and Rescue Intervention Group).
- 6 vans were sent. 4 vans are owned by Clece and 2 by GIRAS. The vehicles travelled to the Ukrainian border with Poland loaded with humanitarian aid material. The material transported is sanitary (gas, bandages, compresses, diapers and adult diapers).
- A total of 39 people were collected in Krakow. Volunteers from Spain worked to find reception facilities for refugees who have no contacts in Spain. 100% of the refugees had a destination ready for them on their arrival in Spain. Clece and the Corazón y Manos Employees Association organised various aid and assistance actions.

VULNERABLE GROUP WORKSHOPS (DRAGADOS)

All companies that form the Dragados Group promote a culture of inclusion, diversity and equal opportunities that guarantee respect for and protection of human rights in their scope of action. These basic principles are included in the Code of Conduct.

The Group's relationship with its employees, their relationship with each other and with society is based on the fulfilment, among others, of commitments such as equal opportunities and non-discrimination.

In this regard, Dragados Spain collaborated with various foundations and associations to comply with these voluntary commitments. Specifically, a project was carried out with the Integra Foundation School for Strengthening.

This year, like the previous year, employees from the Human Resources Department at Dragados Spain collaborated in giving several job search workshops aimed at groups at risk of social exclusion. These were 9 workshops through which, attempts were made to generate an impact on society, improving the employability of people at risk of severe social exclusion.

The objective is to equip participants with the tools and knowledge necessary to facilitate their inclusion in the labour market. Practical actions, role-play, CV reviews and job interviews were carried out.

On the other hand, the participants have worked to acquire social skills, generating a positive impact on others and improving their motivation, confidence and self-esteem to face the challenges of the labour market.

CLECE'S COMMITMENT TO WOMEN VICTIMS OF GENDER-BASED VIOLENCE

In 2022, Clece was awarded the Catalejo Prize by the Spanish Human Rights Observatory. This award recognises the model of workplace inclusion of women victims of gender violence, a commitment that arises from the Clece commitment to strongly supporting people from vulnerable groups.

In this regard, Cristóbal Valderas, president of Clece, highlighted the main pillars of the project for workplace inclusion of women in this group:

- Collaboration with more than 120 entities that mediate between these people and Clece, in order to offer them work opportunities.
- The work carried out by Corazón y Manos with the women of this group. Many cases managed by this association pertain to Clece workers who require global interventions such as addressing housing issues or legal counselling due to gender-based violence.
- The performance of actions to make society aware of the need to eradicate violence against women: online and face-to-face campaigns on the International Day for the Elimination of Violence against Women, the organisation of forums and debates on this topic, the Commitment Awards to recognise projects involved with this cause, etc. Moreover, the Company Network has been part since 2013 of the Business Network programme for a Society Free of Gender Violence, promoted by the Ministry of Health, Consumer Affairs and Social Welfare, which aims to raise awareness of this scourge and promote the social inclusion of victims.

In 2022, Clece ran the eighth campaign "A Life without Violence, A Life with Respect", which once again mobilised employees, clients and users of the services provided by Clece. They all came together in this initiative to show their support for the victims and a complete rejection of gender-based violence. The highlights of this year's campaign were: The highlights of this year's campaign were:

- Like last year, a commemorative sticker was used as mass awareness-raising material. The sticker, designed to be worn on clothes, was produced with a white background and with a purple background so that it would stand out against all types of clothing. Over that week 306,000 units were produced and distributed to more than 30,000 Company workers so that they could distribute it to people in their sphere of influence (relatives and people using Clece's services).
- The offices and work spaces were decorated with vinyl stickers commemorating the event. Numerous customers who provided spaces on their premises to place billboards and communication material that called for a large demonstration against gender violence and in solidarity with its victims on social media.
- On 25 November, a large digital event was held on social media under the hashtag #UnaVidaSinViolencia. The event was held on 25 November at 11.30 a.m. and followed up extensively. Twitter with 4,605 publications and with more than 4 million prints, Facebook with 154 publications, LinkedIn with 113 publications and Instagram with 35 publications.

Similarly, on 15 November 2022, Clece held the Technical Day on Gender Violence at the Valencia Chamber of Commerce. This event addressed the current personal, employment and social reality in which these women are present, both in cities and in rural areas, as well as the general scenario of gender violence, describing, among other aspects, the new forms of abuse of women and girls, especially in the digital arena.

5.6.2. SOCIAL ACTION OF THE ACS FOUNDATION

The Foundation is a non-profit foundation, independent and separate from the ACS Group, whose founding purposes are as follows:

a. Promotion and development of all kinds of cultural and artistic activities, in their broadest sense.

b. Promotion and development of programmes and activities relating to science, training, education, teaching, research and the spread of technology, as well as any other activity that serves to improve people's quality of life.

c. Promotion, preservation and restoration of elements of Spain's historic artistic heritage collaborating increase awareness.

d. Promotion of activities related to environmental protection.

Under the management of its Board of Directors, the ACS Foundation reversed to the Company some of the profits obtained by the ACS Group, developing its own foundational purposes. The ACS Foundation thus carries out different programmes that contribute to achieving the Sustainable Development Goals, as shown below:

1. General interest programmes. Sponsorship of prestigious foundations and institutions that, despite their very different purposes, can all be classified as of general interest for the company.

2. Programmes aimed at helping people with disabilities: Improved quality of life for people with physical or sensory disabilities, or in dependency situations, through three subprogrammes, which all contribute to SDG 10 and specifically to goal 10.2.

   Promotion of social, economic and political inclusion, in addition to contributing to the ACS Group's priority SDGs:

   a. Universal Accessibility

   b. Work and social training and integration

   c. Integration through sport

3. Cultural programmes: Support for culture through ACS Foundation grants to museums, universities and other institutions whose main objective is the preservation, exhibition and dissemination of Spain's artistic heritage; as well as aid to promote music and theatre in the form of sponsorship of seasons, galas, plays and concerts.

4. Support programmes, mainly for medical research, including rare diseases, and healthcare organisations.

5. Defence of and support for best practices in regard to the environment.

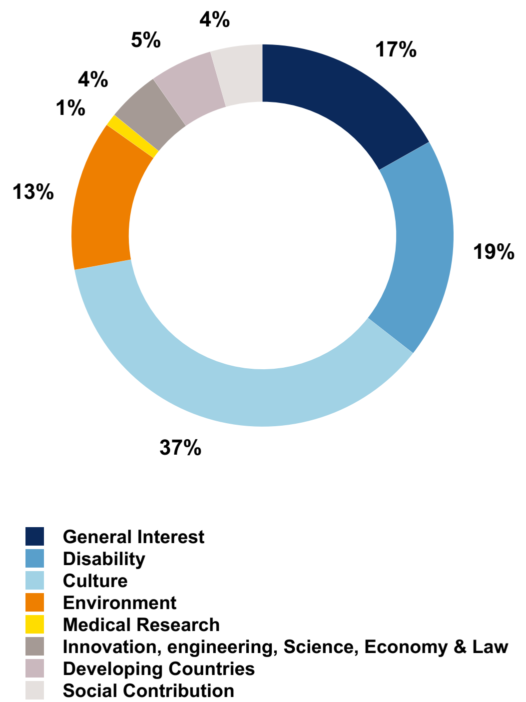
6. Collaboration programmes with institutions in the areas of innovation, engineering, science, economics and law.

7. Programmes in developing countries. The financial aid allocated by the ACS Foundation for the development of the countries most in need is included in this programme.

8. Social collaboration programme. This programme includes all of the financial donations that the ACS Foundation allocates to solidarity with society's neediest groups and that are not included in the 7 programmes mentioned above.

In 2022, the ACS Foundation allocated 5.8 million to its statutory activities:

BREAKDOWN OF THE BUDGET ALLOCATED BY THE FOUNDATION ACCORDING TO PROJECT CATEGORY (IN €M)



ARANJUEZ ROYAL PALACE

The ACS Foundation signed a Final Collaboration Agreement with the Real Trust for isability and the National Heritage, with the title: “For the execution of works to improve accessibility in buildings and gardens of the Aranjuez Royal Site. This Agreement entered into force 27 February 2021, when it was published in the Official State Gazette.

Throughout 2021 and 2022, various interventions aimed at improving accessibility were carried out on the routes open to the public visit both at the Aranjuez Royal Palace and in other buildings in the Royal Site: the Island Gardens, the Prince's Gardens, and Isabella II’s Gardens, as well as Plaza de Parejas and Plaza de San Antonio. A tactile map for visually impaired people and informative panels to help people with cognitive disabilities were placed outside.

In December 2022, the works were fully completed and are being visited by large audiences, with a high degree of satisfaction from people with disabilities.

5.7. SUPPLIERS AND CONTRACTORS

Supply chain management is one of the main material issues for the ACS Group. The Group's commitment to its supply chain is key to ensuring a responsible model, in which the quality of its services and products involves compliance with high standards of action and the promotion of sustainable practices.

The model relationship with suppliers, contractors and business partners established by the ACS Group seeks to ensure a responsible, equitable and ethical process that is adapted to each company's operational needs. The integration of environmental, social and good governance aspects (ESG) into the management of its supply chain forms part of the responsibility of the ACS Group and its commitment to sustainable development.

The Board of Directors of the ACS Group approved the Code of Conduct for Business Partners, last updated on 27 February 2023, which outlines the basic principles that must govern the relationship between the Business Partners and the ACS Group.

This code of conduct is based on the ethical principles that guide ACS Group's conduct at all times. The Group requires all of its business partners to expressly accept (by signing and commitment to comply) the content included in this Code. Only in cases in which the Business Partners can demonstrate the existence of a Code of Conduct or other internal rules with content similar to the requirements of the ACS Group may explicit signing of this Code be waived (which must ultimately be confirmed by the Organisation). Of the 77,851 suppliers and contractors with which the ACS Group worked during 2022, 80.1% accepted by signing or have a procedure similar to the Code of Conduct for Business Partners of the ACS Group. This percentage is lower than that reported in the previous year in comparable terms since some Group companies published their own adjustment to the Code of Conduct for Business Partners in 2022 and are still making the transition. In addition, in 2022, 15.6% of suppliers received training on the Code of Conduct for Business Partners in the reporting year.

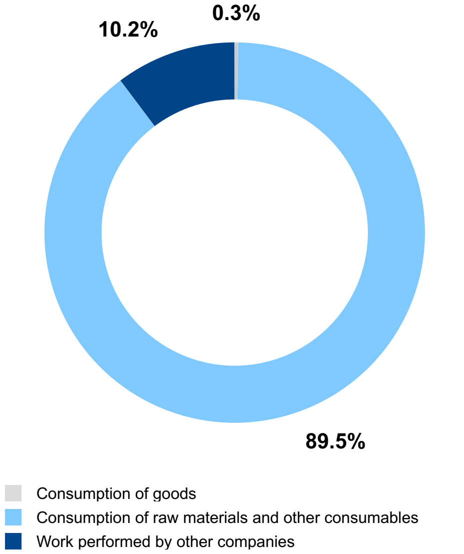
In ACS Group companies, the procurement departments are responsible for managing the relationship with suppliers and contractors by means of specific systems for managing, classifying, approving and controlling the supplier risks. As a characteristic feature that differentiates the Group from its competitors, it is important to highlight the strong decentralisation of procurement and supplier management departments in this area. This gives Group companies a competitive advantage as a result of the agility, flexibility and independence granted by this model.

Code of Conduct for Business Partners

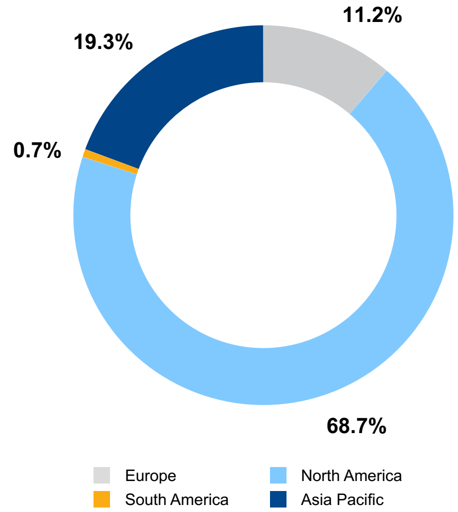
5.7.1. SUPPLY CHAIN OF THE ACS GROUP

	2022
No. of suppliers and contractors	77,851
Total procurements (mn €)	23,375
% Local suppliers	82.0 %
% Expenditure with local suppliers	71.0 %

PROCUREMENT BY ITEMS



PROCUREMENT BY GEOGRAPHICAL AREAS



The company's diverse activities translate into a very complex supply chain, made up of a large number of business partners. In this regard, the total number of suppliers in the Group's supply chain in 2022 reached the 77,851 suppliers.

The ACS Group is committed to the economic and social progress of the countries in which it operates and it is therefore committed to contracting local suppliers. In 2022, 82.0% of the suppliers with which the group worked were local. This ACS Group's commitment to encourage local development has a positive effect in several different areas:

- The local economy is strengthened while at the same time reducing the costs of the operations.
- The proximity of the suppliers makes it possible to ensure the supply to the different business units worldwide and to shorten the delivery times.
- Reduces the ACS Group's environmental footprint and minimises the impact on the environment.

There are two different types of suppliers in the ACS Group's supply chain management based on the contracting process:

- Suppliers determined by the client. In this case, it is the customer who contractually determines the type of supplier, as well as the amount and characteristics of the materials to be used. Despite the fact that in these cases the Group's companies adapt to these requirements, the Group's procurement departments and suppliers have established a control procedure to confirm the efficiency of the designated supplier, which may cause setbacks and promote corrective measures for other work.
- Suppliers directly contracted by the ACS Group. For suppliers of services and materials contracted by the ACS Group, whether through a central purchasing department or in a decentralised manner by works managers, detailed management and control processes are defined, which share 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.
  - Analysis of the level of compliance of these systems.
  - Promotion of collaboration with suppliers and transparency in contractual relationships.

There is also a comparative policy favouring 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 procurement 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 website helps local suppliers to sell their products domestically, promoting their development and growth.

5.7.2. SUPPLIER APPROVAL AND ASSESSMENT SYSTEMS

The responsible management model for the ACS Group supply chain begins with a the approval of suppliers and subcontractors, in which compliance with the fundamental criteria established by the ACS Group to become a part of the Group's supply chain is assessed. Thus, in companies that represent the 99.0% ACS Group's procurement costs present a formal system for the approval of suppliers and subcontractors. The main aspects considered during the approval process are:

- Average payment and collection periods.
- Technical capacity and suitability to perform the planned task .
- History of fulfilment of contractual clauses in their prior relationship with ACS.
- ESG aspects related to compliance with the Code of Conduct for Business Partners.

The weight of ESG factors in the approval process varies according to the companies' activities and action areas, but the weighted average weight of these factors exceeds 36.4% in 2022. Specific aspects assessed include certifications in environmental aspects (ISO14001, EMAS or similar), certifications in quality aspects (ISO 9001 and similar standards), adherence to international Human Rights and labour rights standards and analysis of the labour standards and practices of suppliers and subcontractors, among others. In 2022, 59.5% the suppliers with which the Group has worked have adhered to ethical, social and environmental commitment standards or have certificates in this area.

For the contracted suppliers, the ACS Group's supplier approval system envisages a subsequent analysis phase, which goes back to the ACS Group's ongoing management and improvement 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 2022, 61,169 suppliers had been assessed at least once in the last three years, representing 78.6% of the total suppliers.

If breaches or risks are detected, the appropriate corrective measures are applied, adapted to the circumstances of each case. When the breaches detected are considered serious, they can immediately terminate the contracts.

SAFE, RESPONSIBLE AND SUSTAINABLE PURCHASES (CLECE)

In line with the Company's sustainability strategy, in 2022, Clece certified the purchasing function in ISO 20400: 2017 for sustainable purchases.

The purpose of this standard is to ensure that companies, through the purchasing function, can extend their good practices in environmental, social and good governance (ESG) issues to their supply chain. To this end, the sustainability principles and objectives set forth in the ISO26000: 2010 Social Responsibility Guide, as well as some of the United Nations Sustainable Development Goals (SDGs), are implemented.

ISO 20400 provides the main lines to integrate sustainability into the Company's procurement strategy, which implies that purchases are beneficial for the organisation while having a positive impact on society and the environment, leading to a more sustainable supply chain.

Certification in this standard also implies the establishment of a series of ESG targets, including increasing the acquisition of eco-label products and/or environmental labelling, reducing paper consumption, reducing CO2 emissions associated with the vehicle fleet and raising awareness of the supply chain in governance aspects and the inclusion of disadvantaged groups.

5.7.3. 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, as well as suppliers of critical components and/or non-replaceable suppliers.

Therefore, companies that represent 97.6% of the Group's procurement expenses have designed processes to identify critical suppliers. As a result of these processes, the main data from the analysis of critical suppliers is as follows:

- Of the total suppliers of the ACS Group, 7.6% are suppliers considered critical. These suppliers represent 72.3% of the total costs for Group companies with critical suppliers.
- Almost all these suppliers consider the ACS Group to be a key client to their business.

Given the importance of the supply chain analysis for risk management for the Company, ACS Group companies identified their direct critical suppliers (tier-1 critical suppliers). In 2022, the ACS Group evaluated the 5,152 tier-1 critical suppliers in terms of sustainability of 5,888 identified tier-1 critical suppliers, representing 87.5% of the total. Of these 5,152 critical tier-1 suppliers assessed, 0.1% of them at risk in terms of sustainability, and the lack of certificates, breaches or other risks detected is understood as such. Depending on the risks detected the reasons for the negative assessment are analysed and initiatives are proposed to strengthen the identified areas of improvement that include, among other things, training and collaboration activities, or whether it is a serious breach can lead to the immediate termination of contracts or agreements relating to suppliers.

Likewise, the Group companies have begun to extend the scope of this analysis of the Group's supply chain, reaching the critical suppliers of the direct suppliers (tier-2 critical suppliers). The number of these suppliers identified in 2022 reached 50,073 suppliers in this category.

AVERAGE PAYMENT PERIOD TO SUPPLIERS

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

	2021	2022
	Days	
Average period of payment to suppliers	58	45
Ratio of transactions paid	50	49
Ratio of transactions pending payment	78	33
	Thousands of Euros	
Total payments made	1,373,688	1,457,990
Total payments pending	526,606	406,991

5.7.4. RISK MANAGEMENT IN ISSUES RELATING TO THE SUPPLY CHAIN

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

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

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

In managing the risk chain, it must be considered that the potential improper practices of the suppliers of a company pose a potential risk that, if materialised, may hinder its ability to do business. It is necessary to assess counterparty risks, both at the level of personnel, security and health, the environment and ethics, integrity and rights to which it is exposed and to be involved in constantly improving its performance.

To do so, the Code of Conduct for Business Partners establishes the basic principles of action that the Shareholders must comply with in their relationship with the Group, as well as the management systems expected from them in certain aspects. Likewise, in addition to the own management systems defined by companies in their relationship with suppliers, the specific regulations of the Group on issues such as the Environmental Policy, the Occupational Health and Safety Policy, and the Corporate Protocol on Human Rights Due Diligence or the Criminal Compliance and Anti-Bribery Policy, extend not only to the Group's employees but to the entire value chain.

Issue	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable Policies ACS Group
Responsible management of the supply chain.	The management systems responsible for suppliers and contractors allow for the mitigation of the potential risks associated with the supply chain, improving processes and working conditions, and creating opportunities and lasting relationships of trust. Otherwise, the failure to implement a responsible management system might pose significant legal and operational risks for the Group. Associated risk Risk Map: Purchases/Subcontracting The main risks associated with this material issue of the group's risk management system are: • Increase in costs associated with activities. • Loss of market share. • Loss of license to operate.	It is essential to ensure that the Company's suppliers and contractors meet their commitments and expectations through awareness-raising through established ethical and environmental principles. This management must be carried out through the dissemination and application of environmental, social and governance (ESG) criteria in business relationships with third parties. The ACS Group therefore has • Supplier approval and selection systems • Code of conduct for business partners and application of other internal Group policies and regulations. • Supply chain impact management • Training of suppliers • Due diligence (financial and non-financial) in the supply chain • Inclusion of ESG criteria in supply chain management • ESG clauses to suppliers	Of the 77,851 suppliers and contractors with which the ACS Group worked during 2022, 80.1 % of suppliers accepted by signing or have a procedure similar to the Code of Conduct for Business Partners of the ACS Group. In the formal supplier approval systems, the weight of the factors related to sustainability (environmental, ethical and social criteria) out of the total factors used for the approval varies according to the companies' activities and areas of activity, but the weighted average weight of these factors exceeded 36.4% in 2022. In 2022, 61,169 suppliers had been assessed at least once in the last three years, representing 78.6% of the total suppliers.	• Code of Conduct Business Partners • Risk Control Policy • Human Rights Policy • Corporate Protocol on Due Diligence in regard to Human Rights • Sustainability Policy • Environmenta l policy • Occupational Health and Safety Policy

5.8. COMMITMENT TO QUALITY WITH THE CUSTOMERS

5.8.1. 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 decentralised, whereby each company is responsible for managing quality. Although each company is granted autonomy to manage quality in accordance with its operations, they all follow common lines of action:

- Establishment of objectives and regular assessment of compliance with them.
- 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 are periodically audited to verify compliance and conformity with the reference standard, with the most common type of certification among Group companies being the ISO 9001 certificate.

The general objectives for improvement include:

- 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.

MAIN MANAGEMENT INDICATORS - QUALITY

The percentage of production certified in accordance with ISO 9001 was 43.2% in 2022.

It is important to bear in mind the weight of ACS Group activity in the US and Canada (62% of total sales in 2022) since this type of certificate (ISO 9001) is not the predominant in quality management systems in this region.

ISO 9001 certified production	**2021**	**2022**
Construction	42.7%	40.1%
Concessions	18.8%	8.2%
Services	98.0%	98.0%
Total ACS Group	**45.9%**	**43.2%**

Other management indicators		
Number of quality audits	11,986	11,857
Number of quality audits per million euros of turnover	0.46	0.38
Investment in measures to promote and improve Quality (mn euros)	0.8	1.3
Intensity of investment in measures to promote and improve Quality (euros investment/ mn euros turnover)	105.8	153.6

5.8.2. CUSTOMER RELATIONS

The nature of the ACS Group's business means that the number of clients to which it relates is very small, with some being large corporations or worldwide public institutions. Due to this, and in a highly competitive market, it is essential to maintain a high degree of trust with clients to establish stable and lasting relationships over time. One of the Group's its priorities is therefore to ensure the highest standards of excellence and quality in the products and services offered.

The strategy of client relations is built on the following main principles:

- Excellence in service and guidance to solve problems.
- Feedback from the relationship with the client, in order to be aware of and meet the expectations of the client.
- Transparency in the 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 clients, through the managers of each project. In specific projects in which clients devote resources to controlling production, even more continuous contact will be maintained.

In addition, targets, follow-up systems and plans for reporting to the customer are determined for each project. 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.

Likewise, the Group continues to progressively implement computerised customer relationship management (CRM) systems to collect information relating to clients, in order to facilitate analysis and the carrying out of actions to improve satisfaction.

END-USER HEALTH AND SAFETY

The code continues to promote the well-being and quality of life of the users it serves. Therefore, it maintains the certification for social services for the promotion of personal autonomy UNE 158101/201/301/401 for our Residences, Day Centres, Domicile Aid Services and Home Teleassistance.

The results of the satisfaction surveys carried out among residents and their relatives showed a high overall assessment of the services provided, obtaining on average 8.36 over 10, with the items most highly rated being the Covid Protocols and the safety measures implemented (8.92), assessment of staff (8.6) and communication and information to relatives (8.56).

In order to further increase this satisfaction, in 2022 work was carried out at Clece on the development of a Humane Care Model, deepening the dignity of the care provided, based on respect, empathy, and taking into account the decisions and values of the people that Clece cares for. Work has also been carried out from the point of view of its workers, increasing their training and work well-being to have a positive impact on better care. This humane care model has been developed and documented for Domicile Aid Services (Humanisation Plan) and Residences (Clece Vitam Sustainable Residences Model)

In the area of educational services, Clece schools continue to opt for the ATX Allergy Protection Certificate as a safety guarantee for the teaching team, customers and families, contributing to the control of the menus and products suitable for Multi-allergies based on consumer demands for transparency.

In this type of social and educational services, the security of personal data and sensitive information must also be ensured. To this end, the Company has ISO 27001 certification in information security.

CUSTOMER SATISFACTION

The second key point of ACS' customer relationship management policy is measuring customer satisfaction and establishing plans for making improvements. Therefore, companies representing 98.4% the Group's sales have defined a system for measuring customer satisfaction.

Likewise, companies representing 12.3% of the Group's sales have established formalised measurement systems for customer complaints and claims (12.6% in 2021). In this respect, it is important to take into account that the company's business is not focused on end clients, but rather on the business with other companies or with the public administration, so these systems are mainly managed using personalised tracking systems. In 2022, 2,059 claims were received, of which, 93.9% were resolved in the report year.

For projects that pose greater technological challenges, the ACS Group also establishes alliances with partners (normally detailed engineering companies), which help to offer end clients the best technical and economic solutions.

Another Group value is confidentiality. The contracting and customer relationship departments of ACS Group companies promote responsible use of information, thus 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.

5.9. TAX INFORMATION

ACS GROUP CORPORATE TAX POLICY

The ACS Board approved the Corporate Tax Policy in 2015, the latest version of which was approved on 15 December 2022.

Corporate Tax Policy

This Policy establishes the fundamental guidelines to govern the decisions and actions of ACS and the companies that are part of its Group in tax matters, globally and in accordance with the regulations applicable in the different territories and countries in which it operates.

The guidelines established included the Group's commitment not to establish corporate structures for purpose of opacity or that may undermine the Group's transparency.

The Group also seeks a cooperative relationship with tax authorities based on mutual trust and transparency. Along this line, attempts will be made to reduce litigation arising from different interpretations of applicable law, using the compliance procedures and agreements established by law for this purpose.

In particular, in Spain in 2010, ACS signed the Code of Best Tax Practices promoted by the Spanish tax authorities (Agencia Estatal de la Administración Tributaria) and, applying it, voluntarily provides the Agency with the Annual Fiscal Transparency Report, with special emphasis on the Group's international composition, including information related to tax havens.

The ACS Group's policy is the non-incorporation (or acquisition) of companies based in territories that the Spanish State considers tax havens, unless they are necessary for the performance of business activity in that territory. When, as a result of the acquisition of a parent company by the Company, indirect control of an institution of these characteristics is acquired, its suitability to corporate tax policy will be reviewed and, if incompatible, it will be liquidated or, when economic or contractual reasons prevent it, strict compliance with Spanish tax law will be ensured, as well was with the tax law in the countries that carry out transactions with it. In this regard, several entities which are residents of tax havens are in the process of liquidation.

In accordance with tax regulations in general, practices aimed at the prevention and reduction of significant tax risks will be promoted, ensuring that the taxation of the profits generated is adequately related to the structure and location of activities, human and material means and the location of business risks.

In 2022 several actions were taken to improve the Compliance Management System, its procedures and processes to adapt the organisation's model to the UNE 19602: 2019 standard on tax compliance management systems. It obtained this certification in October 2022.

5.4.9 Tax compliance

The table below gives a breakdown, by country, of the taxes paid by the ACS Group for all items, pre-tax profit, and the subsidies received in 2021 and 2022 (amounts in thousands of euros):

Country	TAXES PAID 2022					
	TOTAL	Profits tax paid (1)	Other taxes paid (2)	Taxes collected	Pre-tax profit(3)	Subsidies received
Spain	**884,226**	79,371	351,081	453,774	234,373	239
United States	**769,642**	69,197	227,736	472,708	353,336	
Australia	**203,496**	39,071	-20,693	185,118	289,408	
United Kingdom	**57,767**	150	12,490	45,127	2,263	
New Zealand	**33,244**	46	12,895	20,303	-36,461	
Poland	**33,108**	1,137	9,789	22,182	12,961	
Mexico	**15,996**	196	169	15,632	17,529	
India	**15,363**	2,525	4,390	8,447	10,981	
Czech Republic	**10,932**	–	7,445	3,487	1,785	
Portugal	**10,868**	42	3,896	6,931	954	
Argentina	**10,325**	–	4,305	6,020	-5,874	
Hong Kong	**8,326**	7,580	458	287	14,923	
Chile	**7,300**	-665	717	7,248	5,530	
Peru	**5,189**	129	960	4,101	6,124	
Others(*)	**-19,224**	-25,458	-37,899	44,133	-130,538	
Tax refund in Spain (**)	**-147,274**	-147,274				
Unattributable consolidation adjustments & equity method results (4)					231,357	
TOTAL	**1,899,284**	**26,047**	**577,739**	**1,295,498**	**1,008,651**	**239**
Income from discontinued operations, taxes and minority interest					-340,424	
RESULT OF PARENT COMPANY					**668,227**	

(*) Countries with taxes paid of less than 5 million euros.
(**) Corresponds to the refund of two fiscal years
(1) Significant deviations from the nominal tax rates of each country are due to the fact that the tax rules themselves generate differences between the tax in terms of payment and accrual, such as the application of tax credits for losses or the realization or refund of payments on account. These differences are offset in the long term.
(2) The OECD methodology includes Social Security contributions as taxes paid.
(3) The breakdown by country corresponds to the profit before taxes according to the consolidated income statement excluding results under the equity method and excluding the attribution to minority interests.
(4) Accounting consolidation items not objectively attributable to specific countries are included (mainly amortization of PPA Purchase Price Allocation of acquisitions) as well as results under the equity method (which, in accordance with accounting regulations, are presented net of taxes, since no further information is available since they are not companies controlled by the group), with no impact on the payment of taxes in any of them.

	TAXES PAID 2021					
Country	**TOTAL**	**Profits tax paid (1)**	**Other taxes paid (2)**	**Taxes collected**	**Pre-tax profit(3)**	**Subsidies received**
Spain	**846,868**	10,331	347,582	488,955	-17,792	246
United States	**671,565**	101,011	182,077	388,477	202,678	
Australia	**343,849**	-15,094	160,165	198,779	282,780	
Canada	**53,798**	28,452	6,557	18,790	-139,104	
United Kingdom	**33,522**	-132	11,962	21,692	22,540	
Poland	**22,742**	319	7,012	15,411	-671	
New Zealand	**22,099**	2	2,674	19,423	-121,651	
Chile	**13,328**	2,448	1,029	9,851	-10,443	
Germany	**11,437**	5,048	31,849	-25,460	-204,267	
Portugal	**11,077**	1,062	3,594	6,421	-422	
Argentina	**9,435**	226	3,193	6,016	2,486	
Czech Republic	**8,909**	623	5,400	2,887	-127	
Peru	**7,239**	553	987	5,699	5,152	
India	**6,436**	-2,324	1,663	7,097	4,706	
Luxmbourg	**6,275**	2,124	1,259	2,892	37,901	
Singapore	**6,203**	4,985	1,081	137	-15,626	
Mexico	**6,111**	91	194	5,826	53,658	
Indonesia	**6,069**	1,450	473	4,147	-30,372	
Others (*)	**15,778**	4,331	4,531	6,912	67,561	
Unattributable consolidation adjustments & equity method results (4)					222,999	
TOTAL	**2,102,740**	**145,506**	**773,282**	**1,183,952**	**361,986**	**246**
Provisions for revaluation of operating risks						
- Spain					-133,844	
- United States					-170,640	
Profit before taxes					**57,502**	
Income from discontinued operations, taxes and minority interest					2,987,911	
RESULT OF PARENT COMPANY					**3,045,413**	

(*) Countries with taxes paid of less than 5 million euros.
(1) Significant deviations from the nominal tax rates of each country are due to the fact that the tax rules themselves generate differences between the tax in terms of payment and accrual, such as the application of tax credits for losses or the realization or refund of payments on account. These differences are offset in the long term.
(2) The OECD methodology includes Social Security contributions as taxes paid.
(3) The breakdown by country corresponds to the profit before taxes according to the consolidated income statement excluding results under the equity method and excluding the attribution to minority interests.
(4) Accounting consolidation items not objectively attributable to specific countries are included (mainly amortization of PPA Purchase Price Allocation of acquisitions) as well as results under the equity method (which, in accordance with accounting regulations, are presented net of taxes, since no further information is available since they are not companies controlled by the group), with no impact on the payment of taxes in any of them.

The ACS Group also participated in the Major Business Forum, which is the framework for collaboration between large companies and the Spanish tax administration and is based on the principles of transparency and mutual trust, through knowledge and sharing of any problems that may arise in the application of the tax system.

TAX RISK MANAGEMENT

As established in the ACS Group Board Regulation, the non-delegable functions of the Board include the determination of the Group's tax strategy.

The Board is also responsible for approving the Group's General Risk Management and Control Policy and setting the acceptable level of risk at all times. These different areas also include the management of financial, non-financial and tax risks.

Within the Board, the Audit Committee’s functions includes providing support to the Board of Directors in relation to the regular monitoring and assessment of the Group's Comprehensive Risk, Financial and Non-Financial Control and Management System, specifically:

– Ensuring that the different types of risks to which the Group is exposed are adequately identified and assessed, and that the level of risk considered acceptable is defined and set.

– Reviewing the measures established to mitigate the impact of the risks, compliance with regulatory requirements, adequate definition of the consolidation scope and proper application of accounting criteria.

– Monitoring the effectiveness of the risk management systems and directly oversees the internal risk control and management duties carried out by the responsible areas within the Group.

2.3. Efficient Risk Management

5.10. INNOVATION

In an increasingly competitive and demanding context, the ACS Group is aware of the importance of anticipating future trends and demands in pursuing global leadership. The Group therefore promotes innovation and research aimed at finding solutions to improve processes, incorporate technological advances and improve the quality of the services provided.

The Company's commitment to innovation is evident in the significant investment in R&D+i made by the ACS Group every year, which reached EUR 27.5 million in 2022[12]. 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.

THE ACS GROUP INVESTED MORE THAN 27.5 MILLION EUROS IN RESEARCH IN 2022

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

- The function is assumed by technology management, generally by the Technological Development Committee.
- R&D is managed through recognised management systems, customarily the UNE 166002:2006 standard.
- 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 organisations, investment that seeks to promote research and regular generation of new patents and operating techniques.

IN 2022, THE ACS GROUP HAD 137 PROJECTS IN PROGRESS AND IN THE LAST 10 YEARS THE GROUP COMPANIES REGISTERED A TOTAL OF 43 PATENTS.

The ACS Group's capabilities were strengthened and complemented through partnerships with technological centres, research institutes and universities, as well as other institutions related to R&D&I in order to successfully complete the innovation processes. In this sense, the Group has made a notable commitment to developing innovation projects related to sustainability.

IN 2022, THE ACS GROUP DEVELOPED 46 SPECIFIC INNOVATION PROJECTS RELATED TO SUSTAINABILITY.

The projects developed in the ACS Group's Innovation area are aimed at responding to the specific challenges and opportunities presented in the current construction and services environment, representing one of the Group's key lines for the creation of value. The main lines of development of the Group's Innovation activities are related to:

- Solutions relating to sustainability, efficiency and climate change:
  - Development of construction materials and techniques to improve the resilience of infrastructure
  - Improvement of resource efficiency
  - Development of solutions for Smart cities
- Automation of processes, digitalisation and data management:
  - BIM and virtual reality
  - Artificial intelligence
  - Shared learning systems
  - The Internet of Things

[12] Scope of data 19.36% 2022 sales. The scope of the number of projects carried out and patents in 2022 is 14.89% and 15.10% of 2022 sales

R&D INTERMODEL PROJECT (VÍAS)

In the R&D INTERMODEL project, of the European Horizon 2020 framework programme, it has been possible to develop a platform to support decision-making through the integration of combined digital technologies for the design of multimodal rail freight terminals. The result is a great potential tool to effectively contribute to the development of freight transport by rail of the future, and therefore to fulfil transport sustainability commitments.

The configured digital environment is based on the integration of advanced simulation modules with specific BIM technology, capable of dynamically interacting to assess the performance of the terminals and their interconnections, supporting decision-making in both the design and planning and operational phases throughout the life cycle of these infrastructures. This makes it possible to address the optimisation of operations and improve key aspects such as track maintenance, mitigating their very high degradation and, therefore, increasing their useful life.

The digital environment based on BIM and advanced simulations developed considers both static and dynamic indicators (CAPEX - capital expenses -, OPEX - operating expenses -, programming and cost of maintenance, energy efficiency, productivity and environmental impact). In accordance with these indicators, several existing intermodal rail freight terminals have been assessed, including the latest trends in the logistics sector. The result contributes to defining the "Railway Freight Terminals of the Future.'

The line of work for optimising track maintenance, which is key to the sustainable operation of rail freight infrastructure, has been led by Vías in the project, achieving results that allow the superstructure to be digitalised in the terminal environment and in the interconnection between terminals with a degree of automation not reached to date. This is an advance towards unprecedented predictive rail maintenance.

To this end, Vías has introduced autonomous mass data capture equipment that is both compact and can be carried on any railway vehicle, based on sensor mergers, which autonomously carries out the inspection and monitoring of the status of the key elements of the road. The equipment, which was developed in-house, integrates cameras, laser sensors and another series of specific sensors that characterise geometries by digitalising the infrastructure. Efforts focused on the segmentation and automatic identification of geometries from the mass processing of the data captured, and subsequently contrasting all digital information for the detection of changes over time based on the evolution of point and image clouds in successive inspections. In this regard, several algorithms have been developed to automatically extract items from the enormous amount of data from point and image clouds, as well as overlapping results over time.

The tests were carried out on various sections of the Spanish rail network, as well as along the interconnection of the Port of Melzo with La Spezia (Italy), approximately 300 km long.

The combination of the proprietary inspection equipment for autonomous and massive data capture with the advanced processing of information through the new segmentation and comparison algorithms developed has been a milestone in the digitalisation of rail transport infrastructures and a significant progress towards their predictive maintenance.

RESEARCH INTO TEMPERATURES AND MATERIALS FOR THE LA PALMA ROAD (DRAGADOS)

As a result of the volcanic eruption in the Cabeza de Vaca area in the municipality of El Paso on La Palma Island between September and December 2021, some of the island's transport infrastructure was damaged or totally destroyed, with North - South communication being completely disrupted in this area. To restore part of these infrastructures and connect the towns of Puerto Naos and Fuencaliente with Los Llanos, Tazacorte and El Paso, the Ministry of Transport, Mobility and the Urban Agenda awarded DRAGADOS the emergency works for the construction of a road segment to be partially executed on the lava streams generated by the eruption. The section that mainly runs through the lava streams connecting the LP-213 to the LP-215 is a conventional road, 4 km long, with a project speed of 70 km/h with a single carriageway and one lane per direction, of which 2.4 km are built on lava.

The main factor that places restrictions on the construction works is the high temperatures existing in the lava streams area, which on the surface could range from 150º to more than 350º at a depth of 1 m and up to more than 450º at a depth 3 m depth, since the works were performed only six months after the end of the eruption. These temperatures affect both earthworks and road elements, especially the packing of the road surface.

In order to design and plan both the road layout and the construction work, extensive research had to be carried out to find about the behaviour of the lava streams. Some of the main research was a study of the temperatures along the axis of the route, both on the surface and at different depths, by installing thermocouples, flying an infrared camera, with the aim of obtaining a surface temperature map and a geophysical research campaign through georadar to locate areas with hollow spaces, such as glass tubes and homes over which the lava had flowed, which could result in area of collapse both during the works and during the subsequent operating phase.

Another point that has required significant research work was the selection of materials to build embankments. Since these are newly created materials from the volcano flow, numerous tests were necessary to verify their suitability and a novel design that facilitates dissipation and isolates the heat from the lower layers.

The surface layer also posed a significant challenge to ensure its performance over time and the safety of vehicles travelling on the road. To this end, an innovative design for the surface packing was carried out, with numerous tests carried out both in the laboratory and in test segments, with the aim of selecting the best options for the construction of the road, verifying both their performance from the structural point of view and the constructive process.

EXPANSION OF BIM CAPABILITIES (HOCHTIEF)

Building information modelling (BIM) is the digital tool of the future for executing projects. Customers from various countries are now demanding that BIM be used in the design and construction of projects. The methodology is based on actively connecting all people that participate in a project using 3D computer models that can be detailed with additional information.

BIM allows the progress of construction to be monitored in real time and improves the planning process. The resulting data can be used to optimise the maintenance and operation of buildings and infrastructure projects. BIM is also an important tool to reduce the risks related to construction. HOCHTIEF's subsidiary ViCon has the specialised knowledge on BIM. As a service and consulting provider, the Company provides support to internal and external customers in the use of BIM.

The Group companies regularly use BIM in their main construction projects; to date, HOCHTIEF has accumulated BIM experience in several thousand projects throughout the Group. The objective is to use BIM in a generalised way. To this end, the BIM4HOCHTIEF training campaign launched in 2018 by HOCHTIEF's ViCon subsidiary continued in 2022. The "BIM Project Circle" serves as a new internal medium to report on the current status of the initiative and exchange information; for example, on the integration of standardised BIM use cases into the management system. A total of 4,641 employees throughout the Group (2021: 2,842) received additional training on the latest iteration of this technology in the year of the report. Since 2019, a total of 55 BuildingSmart certificates have been awarded to HOCHTIEF employees in Germany. This allows customers to have their demand for certified BIM experience met. To train BIM professionals, HOCHTIEF ViCon also collaborates on programmes on this matter with Ruhr University Bochum and the Technical University of Munich, among others.

HOCHTIEF PPP Solutions and HOCHTIEF Vicon received the "BIM Champion 2022" award from Building SMART Deutschland for their successful work with BIM.

NEXPLORE (HOCHTIEF)

HOCHTIEF is working with ACS and the Group's operating companies to actively promote digitalisation in its main activities through the company Nexplore, created in 2018. Nexplore is a digital transformation incubator and accelerator that takes advantage of the existing digital innovation capacity within the ACS Group.

Nexplores combining cutting-edge research with front-line institutions and world-class technical capabilities to enhance collaboration and progress in the sector worldwide, including innovation and digital development centres. The aim is to make the most of the opportunities offered by digitalisation for the business, such as artificial intelligence, virtual reality, the Internet of Things and Industry 4.0.

Nexplore productivity

This digital tool captures the overall state of a construction process with the naked eye within a cloud platform that allows users of the tool to capture, review, compare and view all project data in a single, centralised system. The tool thus provides a clear picture of the overall status of the project, helps to identify and follow design problems, as well as to visualise, process and analyse point clouds for infrastructure projects. The tool simplifies productivity management in complex projects with clear visibility of the overall state of the project, allowing users to review the actual progress with regard to the timing and actual costs with regard to the budget.

Nexplore Minerva

The Nexplore subcontractor management tool brings transparency and control to the supply chain. A centralised tool captures, stores and processes the current status of all projects and all contractors, subcontractors, suppliers and associated consultants in real time. A digital process provides data analysis and accurate forecast of payments. Therefore, all dates, variations and forecasts of completion can be displayed on a single view. This eliminates the laborious manual verification of all deliverables.

Resilience of the Nexplore supply chain

This is a database for the continuous analysis and identification of disturbances in the supply chain. The verification includes non-confidential information on the supply chain and shares it with users. Linking with analytical data makes it possible to improve the preparation of reports with updated control tables to detect disruptions in the supply chain. Comparative reports are available to manufacturers, suppliers and product lines. The tool replaces complex internal process systems and puts an end to late notifications of delays in deliveries and the lack of visibility of disruptions in the supply chain.

Nexplore Security Camera

The Nexplore Chamber of Safety is a flexible and scalable proximity vision solution with AI technology to detect the presence of people and alert them to construction works. Developed especially for the construction sector, it mitigates the security risks around mobile facilities and reduces reliance on human supervision. A proximity visual and sound warning system helps to avoid collisions in the work. Up to eight ultra-modern HD cameras (180º) per unit guarantee coverage without blind points. The cameras operate in various light and weather conditions and are compatible with a wide range of vehicle types.

Nexplore Deliveries

Nexplore Deliveries is a unique tool for all parties involved in the logistics of a project to schedule and approve deliveries in the available time slots. The platform provides a detailed overview of all planned deliveries, materials and number of vehicles, with notifications of the status of deliveries for all those involved. The works are therefore efficiently and safely supplied, and materials can be monitored from start to end.

5.11. EUROPEAN UNION TAXONOMY

CONTEXT AND INTRODUCTION

The European Green Pact is a new growth strategy aimed at transforming the EU into an equitable and prosperous society, with a modern, resource-efficient and competitive economy, with no net greenhouse gas emissions by 2050.

To achieve these environmental and social objectives, the EU has developed a regulatory framework that contains different regulations and plans, specifically the Sustainable Finance Action Plan. Its three main objectives are:

1. Redirecting capital flows to sustainable investments to achieve sustainable and inclusive growth.
2. Managing the financial risks arising from climate change, resource depletion, environmental degradation and social problems.
3. Promoting transparency and long-term thinking in financial and economic activities.

In relation to the first objective, the need to develop a common framework was created in which it was defined that it was sustainable and that it is not as a result of this that Regulation (EU) 2020/852 of the European Parliament and of the Council (the EU Taxonomy Regulation) arose. This is a classification of economic activities that contribute to the EU's environmental objectives.

The Taxonomy is structured based on six environmental objectives that are: 1) climate change mitigation, 2) adaptation to climate change, 3) pollution prevention and control, 4) transition to a circular economy, 5) sustainability and protection of water and marine resources and 6) protection and restoration of biodiversity and ecosystems.

The Taxonomy establishes a list of activities that substantially contribute to one or more of the objectives. These are found in the documents known as the Delegate Acts, which include the technical criteria that an activity must meet. Currently, only the criteria for activities contributing to climate change mitigation and adaptation have been published.

It is important to note that taxonomy distinguishes two scopes in terms of disclosure requirements:

- Taxonomically Eligible Activities: An economic activity eligible for the Taxonomy is an economic activity described in the Delegated Act, regardless of whether this economic activity meets any or all technical selection criteria.
- Taxonomically Aligned Activities: An economic activity aligned with the Taxonomy is an economic activity that meets all the requirements established in the Taxonomy Regulation:
    a. Contributing substantially to one of the environmental objectives: This criterion refers to the positive impact that an activity has on one of the six environmental objectives.
    b. The analysis of “not causing significant harm”: The purpose of the assessment is to ensure that Taxonomy itself does not include economic activities that undermine any of the other five environmental objectives.
    c. Compliance with minimum social safeguards: At the corporate level, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights must be complied with.

The ACS Group has identified and reported Taxonomically eligible activities aligned within its business based on information from the 2022 financial year on climate change mitigation and adaptation targets. The four remaining environmental targets will be analysed and reported in the coming years, since the European Commission has not yet published the technical criteria to define their substantial contribution.

5.11.1 ASSESSMENT OF ELEGIBILITY

Following the analysis of the ACS Group carried out by cross-sectional teams from each of the subsidiaries coordinated from the financial and sustainability area of ACS, the following Taxonomically eligible activities under the Regulation (EU) 2020/852 were identified.

The most significant eligible activities due to their weight in the ACS Group business would be as follows:

- Infrastructure for rail transport
- Infrastructure that allows low-carbon transport by road and public transport
- Construction of new buildings

The results of the analysis also show other activities carried out by the ACS Group that are classified within the following Taxonomic macro-sectors:

- Macro-Taxonomic sectors and activities that contribute to climate change mitigation: forestry, energy, water supplies, sanitation, waste treatment and decontamination, transport, building construction activities and real estate development, professional, scientific and technical activities.
- Taxonomic Macro-sectors and activities that contribute to adaptation to climate change: education, health and social services activities and creation, artistic and entertainment activities.

In those cases where the activity appears under the two environmental objectives, the criterion of classifying the activities under the objective of contributing to the mitigation of climate change has been established.

5.11.2 ALIGNMENT ASSESSMENT

Once taxonomically eligible activities were identified, the cross-sectional teams of each of the subsidiaries, coordinated by the sustainability division, analysed the requirements established in Commission Delegated Regulation (EU) 2021/2139, which establishes the technical selection criteria to determine the conditions under which an economic activity is considered to contribute substantially to the mitigation of or adaptation to climate change, and to determine whether this economic activity does not cause significant harm to any of the other environmental objectives.

This analysis to determine the activities that comply with Delegated Regulation (EU) 2021/2139, and that are therefore considered to be Taxonomically aligned, has been conducted within the ACS Group by the various subsidiaries at the project level. Based on the activities identified as eligible, the various subsidiaries assessed the alignment of their respective projects, taking into account their substantial contribution to the environmental objectives of climate change mitigation or adaptation, as well as the DNSH established in the Regulation based on contribution and activity.

To assess compliance with the technical criteria and to collect the evidence that supports them in the various projects, questionnaires have been sent to the various project managers either through internal systems or through digital online solutions, such as the tool developed at HOCHTIEF by its innovation company, Nexplore. In this tool, the criteria were entered into questionnaires for each economic activity, together with the technical description and regulatory links, and based on the data entered by the different HOCHTIEF users, the tool has determined whether the technical selection criteria are in line with the thresholds required by EU taxonomy.

The information and media received through these internal or online questionnaires are verified by the teams responsible for the various subsidiaries and consolidated at the group level. For this internal verification, the responses and evidence received were compared to the criteria defined in Delegated Regulation (EU) 2021/2139 and the Frequently Asked Questions published by the European Commission in 2022. In the case of projects carried out outside the European Union, it was analysed whether the requirements applicable in the European Union are met or whether any international standard or local law is comparable. This internal verification confirmed that the projects meet the technical criteria for substantial contribution, the criteria for not causing significant harm and minimum social safeguards, in accordance with the ACS Group's internal policies, including the ACS Group's Code of Conduct, the Code of Conduct for Business Partners, the Rights Policy, the Human Rights Due Diligence Protocol, the Criminal Compliance and Anti-Bribery Policy, the Corporate Tax Policy, and the Competition Compliance Policy and Protocol, among others.

It is important to consider that in order for an activity to be aligned it simply needs to for it to contribute substantially to one of the environmental objectives. Therefore, in the internal verification processes it was verified that there is no double accounting arising from this fact, assigning each project to a substantial contribution objective.

5.11.3 SCOPE OF THE REPORT

All groups of companies that are part of the consolidation scope of the ACS Group were considered in the assessment carried out to identify the activities eligible under EU Taxonomy.

The procedure for performing the classification was based on the individual analysis of the activity portfolio of each of the companies based on the common guidelines established by the ACS sustainability team.

To calculate the financial indicators, the Delegated Act of section 8 of the Taxonomy Regulation was followed in addition to the accounting policies of the ACS Group in which the consolidation criteria at Group level are included.

The collection and monitoring of financial data was supported on the SAP BPC platform tool used by the Group when consolidating the financial statements, thus avoiding double counting and ensuring that eliminations and adjustments are adequately considered.

5.11.4 CALCULATION OF INDICATORS

The indicators were calculated based on the Delegated Act stipulated in Article 8 of Regulation (EU) 2020/852.

Revenue

The proportion of revenue referred to in Article 8 (2) (a) of Regulation (EU) 2020/852 was calculated as part of the net turnover arising from products or services, including intangible ones, associated with economic activities that are eligible in the taxonomy (numerator), divided by the total net turnover (denominator).

Revenue includes revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82, point a), adopted by Commission Regulation (EC) No 1126/2008.

The numerator contains the turnover of the taxonomically eligible activities, both environmentally sustainable (which comply with taxonomy) based on the criteria for mitigation and adaptation to climate change, as well as the eligible but not environmentally sustainable (non-aligned) activities that have been identified in the ACS Group portfolio. and the denominator contains the total balance of the ACS Group turnover.

In the Taxonomic context, the business volume indicator aims to present a current picture of the contribution of the activities carried out by the company in relation to the targets set by the EU, in terms of eligibility.

Investments (CapEx)

The share of CapEx (investments in fixed assets) referred to in Regulation (EU) 2020/852 was calculated taking into account additions to property, plant and equipment, intangible assets and investment property, excluding depreciation and impairment, and also includes operating leases arising from right-of-use assets as included in Note 04.02. Other intangible assets 05 Tangible assets - Property, plant and equipment and 07 Real estate investments in the ACS Group's consolidated financial statements.

In this way, the total sum at Group level of the additions mentioned above was taken into account when calculating the denominator. The numerator contains hose investments (CapEx) that are related to assets or processes associated with Taxonomically eligible economic activities and both environmentally sustainable and eligible but non-aligned investments are presented.

Operating expenses (Ex)

The proportion of OpEx referred to in Regulation (EU) 2020/852 was established as follows.

The ACS Group includes the most material items for its activity and common items within its accounting processes, such as short-term lease, repair and maintenance expenses.

The concept of OpEx in the ACS Group's accounting is currently limited compared to the Taxonomic definition of this indicator, which is why materiality criteria have been taken when selecting the items included in the calculation.

This indicator in reference to Taxonomy reflects the associated costs of the ACS Group to ensure the proper functioning of a Taxonomic activity.

5.11.5 RESULTS AND CONCLUSIONS

A summary of the results obtained after the analysis in each of the indicators in terms of the proportion of aligned eligible, non-aligned eligible, and non-eligible activities is shown below. At the end of this section, a detailed analysis can be found following the templates required by the Taxonomy Regulation.

	2022		
ACS Group eligible/aligned taxonomy activities Criteria: Road infrastructures as NON elegible activity	**% eligible activities/total**	**% aligned activities/total**	**% aligned activities/ total eligible activities**
Revenue	71.8%	12.4%	17.3%
Capex	36.9%	11.0%	29.7%
Opex	57.8%	22.6%	39.2%

	2022		
ACS Group eligible/aligned taxonomy activities Criteria: Road infrastructures as elegible activity	**% eligible activities/total**	**% aligned activities/total**	**% aligned activities/ total eligible activities**
Revenue	88.8%	12.4%	14.0%
Capex	53.1%	11.0%	20.7%
Opex	84.7%	22.6%	26.7%

It is important to note that there are differences in interpretation of certain criteria for substantial contribution between the different countries to which Delegated Regulation (EU) 2021/2139 applies this first year.

In particular, there are differences in criteria regarding the eligibility of road infrastructure within the activity code 6.15 Infrastructure that allows low carbon transport by road and public transport. Therefore, to present the information in a transparent manner, two scenarios were chosen; a first scenario in which road infrastructure activity has not been considered eligible and a second scenario in which road infrastructure activity has been considered eligible. The European clarification documents (FAQs) published in 2023 are expected to clarify the uncertainties in the interpretation of the criteria and update the analysis in subsequent years.

Also, in reference to the technical criteria established in the European Union Delegated Regulation, it is important to note that the requirements or evidence requested are given within a context of European regulation. In the case of the ACS Group, 80% of whose sales are made outside the European Union, although an analysis has been carried out in these countries as to whether the requirements applicable in the European Union are met or whether there is any international standard or local law that is comparable, more difficulties have been encountered in providing evidence in accordance with the technical criteria established in the European Union.

Similarly, due to the very nature of the activity of many of the ACS Group's projects, in which it acts as a builder but is not involved in their planning or design, it is often difficult to provide certain evidence or documentary media since it exceeds the scope of competence of the projects carried out and they are the responsibility of third parties. In other cases, the phase in which the different projects are located may also make it difficult to obtain certain evidence, since the project is in very early or late phases to provide the necessary evidence.

Therefore, as indicated by the European Union, an activity or project not being aligned, especially in this first year of application of the procedures for identifying these activities and seeking documentary evidence, does not necessarily mean that it is not sustainable. A clear example of this is the projects carried out by the ACS Group are certified as sustainable (12,935 million euros in 2022, representing 41.2% of the ACS Group's total construction sales), which in many cases are not aligned, as these certifications do not strictly comply with the technical criteria established in the Regulation or documentary evidence cannot be provided.

As a conclusion, eligibility based on the environmental objectives of climate change mitigation and adaptation shows the potential of the ACS Group to contribute to achieving the decarbonisation targets set by the EU (carbon neutrality for 2050), as well as activities aligned with these technical criteria, with this first year of reporting serving to lay the foundations and initial procedures for the reporting of the alignment of activities.

In the coming years, the ACS Group expects to continue to make progress in the taxonomic analysis of the projects, thanks to the experience acquired in this first reporting year, the potential clarifications to the different interpretations of the current technical criteria and the regulatory development of the technical criteria of the four remaining environmental objectives, as well as the publication of the future social taxonomy, all in line with the ACS Group's objective of promoting the overall sustainability of infrastructures.

It should be noted that the ACS Group has a 2025 Sustainability Master Plan, setting out the strategic priorities and twelve commitments regarding sustainability. The aspects related to Taxonomy were included when drafting the Plan to adapt the Group's internal methodology and processes to Regulation requirements. This is evidenced by the objective, among others, of moving Climate Neutrality forward to 2045, which contributes directly to the climate change mitigation and adaptation objectives identified as priorities by the European Commission.

REVENUE (Criteria for non-eligible road infrastructures)

Economic Activities	Code	Absolute revenues 2022 (EUR MN)	Proportion of revenues/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2021	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (taxonomy-aligned)																
Electricity generation using concentrated solar power (CSP) technology	4.2	38.6	0.1%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.2%			
Electricity generation from wind power	4.3	95.0	0.3%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.4%			
Electricity generation from hydropower	4.5	262.3	0.8%	100%	—%	n.a.	S	S	n.a.	n.a.	S	S	1.1%			
Construction, extension and operation of water collection, treatment and supply systems	5.1	100.4	0.3%	5.5%	94.5%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.4%			
Renewal of water collection, treatment and supply systems	5.2	89.2	0.3%	72.1%	27.9%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.4%			
Construction, extension and operation of waste water collection and treatment	5.3	237.4	0.7%	57.3%	42.7%	n.a.	n.a.	S	n.a.	S	S	S	1.0%			
Infrastructure for personal mobility, cycle logistics	6.13	15.4	0.0%	100%	—%	n.a.	S	S	S	S	S	S	0.1%			
Infrastructure for rail transport	6.14	2,195.0	6.5%	100%	—%	n.a.	S	S	S	S	S	S	9.1%			
Infrastructure enabling low-carbon road transport and public transport	6.15	317.2	0.9%	100%	—%	n.a.	S	S	S	S	S	S	1.3%		E	
Infrastructure enabling low carbon water transport	6.16	42.7	0.1%	100%	—%	n.a.	S	S	S	S	S	S	0.2%		E	
Construction of new buildings	7.1	518.4	1.5%	100%	—%	n.a.	S	S	S	S	S	S	2.1%			T
Renovation of existing buildings	7.2	217.5	0.6%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.9%			
Education	11	39.5	0.1%	—%	100%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	0.2%			
Creative, arts and entertainment activities	13.1	2.0	0.0%	—%	100%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Environmentally sustainable activities (taxonomy-aligned) A1		**4,170.5**	**12.4%**	**93.7%**	**6.3%**								**17.3%**			

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	**Code**	**Absolute revenues 2022 (EUR MN)**	**Proportion of revenues/total 2022**	**Climate change mitigation (% over total)**	**Climate change adaptation (% over total)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards**	**Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022**	**Taxonomy-aligned to taxonomy-eligible proportion of revenues 2021**	**Enabling activity (E)**	**Transitional activity (T)**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Conservation forestry	1.4	2.2	—%													
Manufacture of renewable energy technologies	3.1.	4.4	—%													
Electricity generation using solar photovoltaic technology	4.1	140.7	0.4%													
Electricity generation using concentrated solar power (CSP) technology	4.2	0.0	—%													
Electricity generation from wind power	4.3	12.4	—%													
Electricity generation from hydropower	4.5	4.6	—%													
Transmission and distribution of electricity	4.9	87.7	0.3%													
Storage of electricity	4.10	5.0	—%													
Electricity generation from fossil gaseous fuels	4.29	23.4	0.1%													
Construction, extension and operation of water collection, treatment and supply systems	5.1	244.4	0.7%													
Renewal of water collection, treatment and supply systems	5.2	22.0	0.1%													
Construction, extension and operation of waste water collection and treatment	5.3	42.6	0.1%													
Renewal of waste water collection and treatment	5.4	2.6	—%													
Infrastructure for personal mobility, cycle logistics	6.13	4.6	—%													
Infrastructure for rail transport	6.14	903.1	2.7%													
Infrastructure enabling low-carbon road transport and public transport	6.15	640.7	1.9%													
Infrastructure enabling low carbon water transport	6.16	23.8	0.1%													
Low carbon airport infrastructure	6.17	336.4	1.0%													
Construction of new buildings	7.1	14,552.0	43.3%													
Renovation of existing buildings	7.2	2,696.4	8.0%													
Installation, maintenance and repair of renewable energy technologies	7.6	2.3	—%													
Professional services related to energy performance of buildings	9.3	32.8	0.1%													
Residential care activities	12.1	191.3	0.6%													

Economic Activities	Code	Absolute revenues 2022 (EUR MN)	Proportion of revenues/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2021	Enabling activity (E)	Transitional activity (T)
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**19,975.3**	**59.4%**													
TOTAL (A.1 + A.2)		**24,145.8**	**71.8%**										**17.3%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Revenue of taxonomy-non-eligible activities (B)		**9,469.4**	**28.2%**													
TOTAL (A + B)		**33,615.2**	**100%**													

CAPEX

(Criteria for non-eligible road infrastructures)

Economic Activities	Code	Absolute capex 2022 (EUR MN)	Proportion of capex/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of capex 2022	Taxonomy-aligned to taxonomy-eligible proportion of capex 2021	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (taxonomy-aligned)																
Electricity generation using concentrated solar power (CSP) technology	4.2	9.0	1.7%	100%	—%	n.a.	S	S	S	n.a.	S	S	4.5%			
Electricity generation from wind power	4.3	0.6	0.1%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.3%			
Electricity generation from hydropower	4.5	1.4	0.3%	100%	—%	n.a.	S	S	n.a.	n.a.	S	S	0.7%			
Construction, extension and operation of water collection, treatment and supply systems	5.1	0.2	0.0%		100.0%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.1%			
Renewal of water collection, treatment and supply systems	5.2	2.3	0.4%	69.6%	30.4%	n.a.	n.a.	S	n.a.	n.a.	S	S	1.2%			

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	**Code**	**Absolute capex 2022 (EUR MN)**	**Proportion of capex/total 2022**	**Climate change mitigation (% over total)**	**Climate change adaptation (% over total)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards**	**Taxonomy-aligned to taxonomy-eligible proportion of capex 2022**	**Taxonomy-aligned to taxonomy-eligible proportion of capex 2021**	**Enabling activity (E)**	**Transitional activity (T)**
Construction, extension and operation of waste water collection and treatment	5.3	3.0	0.6%	56.3%	43.7%	n.a.	n.a.	S	n.a.	S	S	S	1.5%			
Infrastructure for personal mobility, cycle logistics	6.13	0.6	0.1%	100%	—%	n.a.	S	S	S	S	S	S	0.3%			
Infrastructure for rail transport	6.14	37.4	7.0%	100%	—%	n.a.	S	S	S	S	S	S	18.9%		E	
Infrastructure enabling low-carbon road transport and public transport	6.15	4.2	0.8%	100%	—%	n.a.	S	S	S	S	S	S	2.1%		E	
Infrastructure enabling low carbon water transport	6.16	0.0	0.0%		—%	n.a.	S	S	S	S	S	S	—%			
Construction of new buildings	7.1	0.1	0.0%	100%	—%	n.a.	S	S	S	S	S	S	—%			
Education	11	0.2	0.0%	0%	100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	0.1%			
Creative, arts and entertainment activities	13.1	0.0	0.0%	—%	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Environmentally sustainable activities (taxonomy-aligned) A1		**58.9**	**11.0%**	**96.0%**	**4.0%**								**29.7%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Conservation forestry	1.4	0.0	0.0%													
Electricity generation using solar photovoltaic technology	4.1	16.7	3.1%													
Transmission and distribution of electricity	4.9	23.2	4.3%													
Electricity generation from wind power	4.29	0.2	0.0%													
Renewal of water collection, treatment and supply systems	5.2	0.0	0.0%													
Construction, extension and operation of waste water collection and treatment	5.3	0.0	0.0%													
Renewal of waste water collection and treatment	5.4	0.0	0.0%													
Infrastructure for rail transport	6.14	13.5	2.5%													
Infrastructure enabling low-carbon road transport and public transport	6.15	16.7	3.1%													
Low carbon airport infrastructure	6.17	0.3	0.1%													
Construction of new buildings	7.1	15.6	0.1%													
Renovation of existing buildings	7.2	2.0	0.4%													
Professional services related to energy performance of buildings	9.3	0.0	0.0%													
Residential care activities	12.1	50.8	9.5%													

Economic Activities	Code	Absolute capex 2022 (EUR MN)	Proportion of capex/total 2022	Substantial contribution criteria		Do no significant harm criteria (DNSH)						Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of capex 2022	Taxonomy-aligned to taxonomy-eligible proportion of capex 2021	Enabling activity (E)	Transitional activity (T)
				Climate change mitigation (% over total)	Climate change adaptation (% over total)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)					
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**139.1**	**25.9%**													
TOTAL (A.1 + A.2)		**198.0**	**36.9%**										**29.7%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Capex of taxonomy-non-eligible activities (B)		**338.9**	**63.1%**													
TOTAL (A + B)		**536.9**	**100%**													

OPEX

(Criteria for non-eligible road infrastructures)

Economic Activities	Code	Absolute opex 2022 (EUR MN)	Proportion of opex/total 2022	Substantial contribution criteria		Do no significant harm criteria (DNSH)						Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of opex 2022	Taxonomy-aligned to taxonomy-eligible proportion of opex 2021	Enabling activity (E)	Transitional activity (T)
				Climate change mitigation (% over total)	Climate change adaptation (% over total)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)					
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (taxonomy-aligned)																
Electricity generation using solar photovoltaic technology	4.1	28.0	5.9%	100%	—%	n.a.	S	S	S	n.a.	S	S	10.1%			
Electricity generation using concentrated solar power (CSP) technology	4.2	10.6	2.2%	100%	—%	n.a.	S	S	S	n.a.	S	S	3.8%			
Electricity generation from hydropower	4.5	0.0	0.0%	0%	—%	n.a.	S	S	n.a.	n.a.	S	S	—%			
Construction, extension and operation of water collection, treatment and supply systems	5.1	7.3	1.5%	3%	96.8%	n.a.	n.a.	S	n.a.	n.a.	S	S	2.7%			
Renewal of water collection, treatment and supply systems	5.2	8.0	1.7%	59%	40.6%	n.a.	n.a.	S	n.a.	n.a.	S	S	2.9%			

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	Code	Absolute opex 2022 (EUR MN)	Proportion of opex/total 2022	Climate change mitigation (% over total)	Climate change adaptation (% over total)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of opex 2022	Taxonomy-aligned to taxonomy-eligible proportion of opex 2021	Enabling activity (E)	Transitional activity (T)
Construction, extension and operation of waste water collection and treatment	5.3	7.9	1.6%	44%	56.5%	n.a.	n.a.	S	n.a.	S	S	S	2.8%			
Infrastructure for personal mobility, cycle logistics	6.13	0.3	0.1%	100%	—%	n.a.	S	S	S	S	S	S	0.1%			
Infrastructure for rail transport	6.14	22.4	4.7%	100%	—%	n.a.	S	S	S	S	S	S	8.1%		E	
Infrastructure enabling low-carbon road transport and public transport	6.15	4.3	0.9%	100%	—%	n.a.	S	S	S	S	S	S	1.6%		E	
Construction of new buildings	7.1	18.3	3.8%	100%	—%	n.a.	S	S	S	S	S	S	6.6%			
Renovation of existing buildings	7.2	1.0	0.2%	100%	—%	n.a.	S	S	S	n.a.	S	S	—%			
Education	11	0.1	0.0%	0%	100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Creative, arts and entertainment activities	13.1	0.0	0.0%	—%	100%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Environmentally sustainable activities (taxonomy-aligned) A1		**108.3**	**22.6%**	**86.3%**	**13.7%**								**39.2%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Conservation forestry	1.4	0.2	0.0%													
Electricity generation using solar photovoltaic technology	4.1	0.0	0.0%													
Electricity generation from wind power	4.3	1.5	0.3%													
Electricity generation from hydropower	4.5	0.0	0.0%													
Transmission and distribution of electricity	4.9	0.1	0.0%													
Construction, extension and operation of water collection, treatment and supply systems	5.1	3.4	0.7%													
Renewal of water collection, treatment and supply systems	5.2	0.9	0.2%													
Construction, extension and operation of waste water collection and treatment	5.3	4.1	0.9%													
Renewal of waste water collection and treatment	5.4	0.1	0.0%													
Infrastructure for personal mobility, cycle logistics	6.13	0.2	0.0%													
Infrastructure for rail transport	6.14	21.4	4.5%													
Infrastructure enabling low-carbon road transport and public transport	6.15	4.4	0.9%													
Infrastructure enabling low carbon water transport	6.16	1.5	0.3%													
Low carbon airport infrastructure	6.17	11.2	2.3%													
Construction of new buildings	7.1	95.1	19.9%													
Renovation of existing buildings	7.2	23.1	4.8%													

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	Code	Absolute opex 2022 (EUR MN)	Proportion of opex/total 2022	Climate change mitigation (% over total)	Climate change adaptation (% over total)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of opex 2022	Taxonomy-aligned to taxonomy-eligible proportion of opex 2021	Enabling activity (E)	Transitional activity (T)
Installation, maintenance and repair of renewable energy technologies	7.6	0.1	0.0%													
Professional services related to energy performance of buildings	9.3	0.1	0.0%													
Residential care activities	12.1	0.8	0.2%													
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**168.1**	**35.2%**													
TOTAL (A.1 + A.2)		**276.4**	**57.8%**										**39.2%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Opex of taxonomy-non-eligible activities (B)		**201.8**	**42.2%**													
TOTAL (A + B)		**478.3**	**100%**													

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

REVENUE (Criteria for eligible road infrastructures)

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	**Code**	**Absolute revenues 2022 (EUR MN)**	**Proportion of revenues/total 2022**	**Climate change mitigation (% over total)**	**Climate change adaptation (% over total)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards**	**Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022**	**Taxonomy-aligned to taxonomy-eligible proportion of revenues 2021**	**Enabling activity (E)**	**Transitional activity (T)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (taxonomy-aligned)																
Electricity generation using concentrated solar power (CSP) technology	4.2	38.6	0.1%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.1%			
Electricity generation from wind power	4.3	95.0	0.3%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.3%			
Electricity generation from hydropower	4.5	262.3	0.8%	100%	—%	n.a.	S	S	n.a.	n.a.	S	S	0.9%			
Construction, extension and operation of water collection, treatment and supply systems	5.1	100.4	0.3%	5.5%	94.5%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.3%			
Renewal of water collection, treatment and supply systems	5.2	89.2	0.3%	72.1%	27.9%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.3%			
Construction, extension and operation of waste water collection and treatment	5.3	237.4	0.7%	57.3%	42.7%	n.a.	n.a.	S	n.a.	S	S	S	0.8%			
Infrastructure for personal mobility, cycle logistics	6.13	15.4	0.0%	100%	—%	n.a.	S	S	S	S	S	S	0.1%			
Infrastructure for rail transport	6.14	2,195.0	6.5%	100%	—%	n.a.	S	S	S	S	S	S	7.4%			
Infrastructure enabling low-carbon road transport and public transport	6.15	317.2	0.9%	100%	—%	n.a.	S	S	S	S	S	S	1.1%		E	
Infrastructure enabling low carbon water transport	6.16	42.7	0.1%	100%	—%	n.a.	S	S	S	S	S	S	0.1%		E	
Construction of new buildings	7.1	518.4	1.5%	100%	—%	n.a.	S	S	S	S	S	S	1.7%			T
Renovation of existing buildings	7.2	217.5	0.6%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.7%			
Education	11	39.5	0.1%	—%	100%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	0.1%			
Creative, arts and entertainment activities	13.1	2.0	0.0%	—%	100%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Environmentally sustainable activities (taxonomy-aligned) A1		**4,170.5**	**12.4%**	**93.7%**	**6.3%**								**14.0%**			

				Substantial contribution criteria		Do no significant harm criteria (DNSH)											
Economic Activities	Code	Absolute revenues 2022 (EUR MN)	Proportion of revenues/total 2022	Climate change mitigation (% over total)	Climate change adaptation (% over total)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2021	Enabling activity (E)	Transitional activity (T)
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Conservation forestry	1.4	2.2	—%													
Manufacture of renewable energy technologies	3.1.	4.4	—%													
Electricity generation using solar photovoltaic technology	4.1	140.7	0.4%													
Electricity generation using concentrated solar power (CSP) technology	4.2	0.0	—%													
Electricity generation from wind power	4.3	12.4	—%													
Electricity generation from hydropower	4.5	4.6	—%													
Transmission and distribution of electricity	4.9	87.7	0.3%													
Storage of electricity	4.10	5.0	—%													
Electricity generation from fossil gaseous fuels	4.29	23.4	0.1%													
Construction, extension and operation of water collection, treatment and supply systems	5.1	244.4	0.7%													
Renewal of water collection, treatment and supply systems	5.2	22.0	0.1%													
Construction, extension and operation of waste water collection and treatment	5.3	42.6	0.1%													
Renewal of waste water collection and treatment	5.4	2.6	—%													
Infrastructure for personal mobility, cycle logistics	6.13	4.6	—%													
Infrastructure for rail transport	6.14	903.1	2.7%													
Infrastructure enabling low-carbon road transport and public transport	6.15	6,345.9	18.9%													
Infrastructure enabling low carbon water transport	6.16	23.8	0.1%													
Low carbon airport infrastructure	6.17	336.4	1.0%													
Construction of new buildings	7.1	14,552.0	43.3%													
Renovation of existing buildings	7.2	2,696.4	8.0%													
Installation, maintenance and repair of renewable energy technologies	7.6	2.3	—%													
Professional services related to energy performance of buildings	9.3	32.8	0.1%													
Residential care activities	12.1	191.3	0.6%													

Economic Activities	Code	Absolute revenues 2022 (EUR MN)	Proportion of revenues/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	DNSH: Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2021	Enabling activity (E)	Transitional activity (T)
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**25,680.5**	**76.4%**													
TOTAL (A.1 + A.2)		**29,851.0**	**88.8%**										**17.3%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Revenue of taxonomy-non-eligible activities (B)		**3,764.2**	**11.2%**													
TOTAL (A + B)		**33,615.2**	**100%**													

CAPEX

(Criteria for eligible road infrastructures)

Economic Activities	Code	Absolute capex 2022 (EUR MN)	Proportion of capex/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	DNSH: Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of capex 2022	Taxonomy-aligned to taxonomy-eligible proportion of capex 2021	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (taxonomy-aligned)																
Electricity generation using concentrated solar power (CSP) technology	4.2	9.0	1.7%	100%	—%	n.a.	S	S	S	n.a.	S	S	3.2%			
Electricity generation from wind power	4.3	0.6	0.1%	100%	—%	n.a.	S	S	S	n.a.	S	S	0.2%			
Electricity generation from hydropower	4.5	1.4	0.3%	100%	—%	n.a.	S	S	n.a.	n.a.	S	S	0.5%			
Construction, extension and operation of water collection, treatment and supply systems	5.1	0.2	0.0%		100.0%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.1%			
Renewal of water collection, treatment and supply systems	5.2	2.3	0.4%	69.6%	30.4%	n.a.	n.a.	S	n.a.	n.a.	S	S	0.8%			

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	**Code**	**Absolute capex 2022 (EUR MN)**	**Proportion of capex/total 2022**	**Climate change mitigation (% over total)**	**Climate change adaptation (% over total)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards**	**Taxonomy-aligned to taxonomy-eligible proportion of capex 2022**	**Taxonomy-aligned to taxonomy-eligible proportion of capex 2021**	**Enabling activity (E)**	**Transitional activity (T)**
Construction, extension and operation of waste water collection and treatment	5.3	3.0	0.6%	56.3%	43.7%	n.a.	n.a.	S	n.a.	S	S	S	1.0%			
Infrastructure for personal mobility, cycle logistics	6.13	0.6	0.1%	100%	—%	n.a.	S	S	S	S	S	S	0.2%			
Infrastructure for rail transport	6.14	37.4	7.0%	100%	—%	n.a.	S	S	S	S	S	S	13.1%		**E**	
Infrastructure enabling low-carbon road transport and public transport	6.15	4.2	0.8%	100%	—%	n.a.	S	S	S	S	S	S	1.5%		**E**	
Infrastructure enabling low carbon water transport	6.16	0.0	0.0%		—%	n.a.	S	S	S	S	S	S	—%			
Construction of new buildings	7.1	0.1	0.0%	100%	—%	n.a.	S	S	S	S	S	S	—%			
Education	11	0.2	0.0%	0%	100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	0.1%			
Creative, arts and entertainment activities	13.1	0.0	0.0%	—%	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Environmentally sustainable activities (taxonomy-aligned) A1		**58.9**	**11.0%**	**96.0%**	**4.0%**								**20.7%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Conservation forestry	1.4	0.0	0.0%													
Electricity generation using solar photovoltaic technology	4.1	16.7	3.1%													
Transmission and distribution of electricity	4.9	23.2	4.3%													
Electricity generation from wind power	4.29	0.2	0.0%													
Renewal of water collection, treatment and supply systems	5.2	0.0	0.0%													
Construction, extension and operation of waste water collection and treatment	5.3	0.0	0.0%													
Renewal of waste water collection and treatment	5.4	0.0	0.0%													
Infrastructure for rail transport	6.14	13.5	2.5%													
Infrastructure enabling low-carbon road transport and public transport	6.15	103.5	19.3%													
Low carbon airport infrastructure	6.17	0.3	0.1%													
Construction of new buildings	7.1	15.6	0.1%													
Renovation of existing buildings	7.2	2.0	0.4%													
Professional services related to energy performance of buildings	9.3	0.0	0.0%													
Residential care activities	12.1	50.8	9.5%													

Economic Activities	Code	Absolute capex 2022 (EUR MN)	Proportion of capex/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of capex 2022	Taxonomy-aligned to taxonomy-eligible proportion of capex 2021	Enabling activity (E)	Transitional activity (T)
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**226.0**	**42.1%**													
TOTAL (A.1 + A.2)		**284.9**	**53.1%**										**20.7%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Capex of taxonomy-non-eligible activities (B)		**252.0**	**46.9%**													
TOTAL (A + B)		**536.9**	**100%**													

OPEX

(Criteria for eligible road infrastructures)

Economic Activities	Code	Absolute opex 2022 (EUR MN)	Proportion of opex/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	DNSH: Climate change adaptation (Y/N)	DNSH: Water and marine resources (Y/N)	DNSH: Circular economy (Y/N)	DNSH: Pollution (Y/N)	DNSH: Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of opex 2022	Taxonomy-aligned to taxonomy-eligible proportion of opex 2021	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (taxonomy-aligned)																
Electricity generation using solar photovoltaic technology	4.1	28.0	5.9%	100%	—%	n.a.	S	S	S	n.a.	S	S	6.9%			
Electricity generation using concentrated solar power (CSP) technology	4.2	10.6	2.2%	100%	—%	n.a.	S	S	S	n.a.	S	S	2.6%			
Electricity generation from hydropower	4.5	0.0	0.0%	0%	—%	n.a.	S	S	n.a.	n.a.	S	S	—%			
Construction, extension and operation of water collection, treatment and supply systems	5.1	7.3	1.5%	3%	96.8%	n.a.	n.a.	S	n.a.	n.a.	S	S	1.8%			
Renewal of water collection, treatment and supply systems	5.2	8.0	1.7%	59%	40.6%	n.a.	n.a.	S	n.a.	n.a.	S	S	2.0%			

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

				Substantial contribution criteria		Do no significant harm criteria (DNSH)										
Economic Activities	Code	Absolute opex 2022 (EUR MN)	Proportion of opex/total 2022	Climate change mitigation (% over total)	Climate change adaptation (% over total)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of opex 2022	Taxonomy-aligned to taxonomy-eligible proportion of opex 2021	Enabling activity (E)	Transitional activity (T)
Construction, extension and operation of waste water collection and treatment	5.3	7.9	1.6%	44%	56.5%	n.a.	n.a.	S	n.a.	S	S	S	1.9%			
Infrastructure for personal mobility, cycle logistics	6.13	0.3	0.1%	100%	—%	n.a.	S	S	S	S	S	S	0.1%			
Infrastructure for rail transport	6.14	22.4	4.7%	100%	—%	n.a.	S	S	S	S	S	S	5.5%		**E**	
Infrastructure enabling low-carbon road transport and public transport	6.15	4.3	0.9%	100%	—%	n.a.	S	S	S	S	S	S	1.1%		**E**	
Construction of new buildings	7.1	18.3	3.8%	100%	—%	n.a.	S	S	S	S	S	S	4.5%			
Renovation of existing buildings	7.2	1.0	0.2%	100%	—%	n.a.	S	S	S	n.a.	S	S	—%			
Education	11	0.1	0.0%	0%	100.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Creative, arts and entertainment activities	13.1	0.0	0.0%	—%	100%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	S	—%			
Environmentally sustainable activities (taxonomy-aligned) A1		**108.3**	**22.6%**	**86.3%**	**13.7%**								**26.7%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
Conservation forestry	1.4	0.2	0.0%													
Electricity generation using solar photovoltaic technology	4.1	0.0	0.0%													
Electricity generation from wind power	4.3	1.5	0.3%													
Electricity generation from hydropower	4.5	0.0	0.0%													
Transmission and distribution of electricity	4.9	0.1	0.0%													
Construction, extension and operation of water collection, treatment and supply systems	5.1	3.4	0.7%													
Renewal of water collection, treatment and supply systems	5.2	0.9	0.2%													
Construction, extension and operation of waste water collection and treatment	5.3	4.1	0.9%													
Renewal of waste water collection and treatment	5.4	0.1	0.0%													
Infrastructure for personal mobility, cycle logistics	6.13	0.2	0.0%													
Infrastructure for rail transport	6.14	21.4	4.5%													
Infrastructure enabling low-carbon road transport and public transport	6.15	133.1	27.8%													
Infrastructure enabling low carbon water transport	6.16	1.5	0.3%													
Low carbon airport infrastructure	6.17	11.2	2.3%													
Construction of new buildings	7.1	95.1	19.9%													

Economic Activities	Code	Absolute opex 2022 (EUR MN)	Proportion of opex/total 2022	Substantial contribution criteria: Climate change mitigation (% over total)	Substantial contribution criteria: Climate change adaptation (% over total)	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	Do no significant harm criteria (DNSH): Climate change adaptation (Y/N)	Do no significant harm criteria (DNSH): Water and marine resources (Y/N)	Do no significant harm criteria (DNSH): Circular economy (Y/N)	Do no significant harm criteria (DNSH): Pollution (Y/N)	Do no significant harm criteria (DNSH): Biodiversity and ecosystems (Y/N)	Minimum safeguards	Taxonomy-aligned to taxonomy-eligible proportion of opex 2022	Taxonomy-aligned to taxonomy-eligible proportion of opex 2021	Enabling activity (E)	Transitional activity (T)
Renovation of existing buildings	7.2	23.1	4.8%													
Installation, maintenance and repair of renewable energy technologies	7.6	0.1	0.0%													
Professional services related to energy performance of buildings	9.3	0.1	0.0%													
Residential care activities	12.1	0.8	0.2%													
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**296.8**	**62.1%**													
TOTAL (A.1 + A.2)		**405.1**	**84.7%**										**26.7%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Opex of taxonomy-non-eligible activities (B)		**73.1**	**15.3%**													
TOTAL (A + B)		**478.3**	**100%**													

5.12. CONTENTS OF THE CONSOLIDATED NFIS

The scope of each of the non-financial management indicators can be found in annex 7.3.6. Scope of non-financial data.

Information requested by the Non-Financial Information draft legislation	Materiality	Page or section of the report where an answer is given	Reporting criterion: Selected GRIs
General information			
A brief description of the business model that includes its business environment, organisation and structure	Yes	5.0. Business model 5.0.1. Sustainability strategy and trends Pages 88.-89	GRI 2-6 (2021)
Markets of operation	Yes	5.0. Business model Page 88	GRI 2-1 (2021) GRI 2-6 (2021)
Aims and strategies of the organisation	Yes	5.0.1. Sustainability strategy and trends Page 89	GRI 2-1 (2021) GRI 2-22 (2021)
Main factors and trends that may affect their future performance	Yes	5.0.1. Sustainability strategy and trends 5.0.2. Risks Pages 89-91	GRI 3-3 (2021) GRI 2-22 (2021)
Reporting framework used	Yes	5.0.1. Sustainability strategy and trends Page 89	GRI 1 (2021)
Principle of Materiality	Yes	5.0.1. Sustainability strategy and trends Page 89	GRI 3-1 (2021) GRI 3-2 (2021)
Environmental Issues			
Management approach: description and results of policies relating to these issues as well as the main risks related to these issues related to the Group's activities	Yes	5.0.2. Risks 5.1.5. Risk management in environmental issues Page 90-91; 119-120	GRI 3-3 (2021)
Detailed general information			
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	Yes	5.1. Environment Page 94	GRI 3-3 (2021)
Environmental assessment or certification procedures	Yes	5.1. Environment Page 94	GRI 3-3 (2021)
Resources devoted to environmental risk prevention	Yes	5.1.5. Risk management in environmental issues Page 119-120	GRI 3-3 (2021)
Application of the precautionary principle	Yes	5.1. Environment Page 94	GRI 2-23 (2021)
Quantity of provisions and guarantees for environmental risks	Yes	5.1.5. Risk management in environmental issues Page 120	GRI 3-3 (2021)
Pollution			
Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution	Yes	5.1.1. The fight against climate change 7.3.2 Additional indicators Page 95-109, 241	GRI 3-3 (2021) GRI 305-7

Information requested by the Non-Financial Information draft legislation	Materiality	Page or section of the report where an answer is given	Reporting criterion: Selected GRIs
Economía circular y prevención y gestión de residuos			
Measures to prevent, recycle, reuse, other forms of recovery and waste disposal	Yes	5.1.2 Circular economy: sustainable use of resources and waste management 5.1.3 Efficient and responsible use of water resources Page 110-116	GRI 306-1 GRI 306-2 GRI 306-3 a 306-5
Actions to combat food waste	No		GRI 3-3 (2021) GRI 306-4
Sustainable use of resources			
Water consumption and water supply in accordance with local limitations	Yes	5.1.3 Efficient and responsible use of water resources Page 115-116	GRI 303-1 a 303-3 GRI 303-5
Consumption of raw materials and measures adopted to improve the efficiency of their use	Yes	5.1.2 Circular economy: sustainable use of resources and waste management Page 110-114	GRI 301-1 GRI 301-2 GRI 301-3
Direct and indirect consumption of energy	Yes	5.1.1. The fight against climate change Page 108	GRI 302-1 GRI 302-3
Measures taken to improve energy efficiency	Yes	5.1.1. The fight against climate change Page 109	GRI 3-3 (2021) GRI 201-2
Use of renewable energies	Yes	5.1.1. The fight against climate change Page 108	GRI 302-1
Climate Change			
Greenhouse Gas Emissions	Yes	5.1.1. The fight against climate change Page 102-103	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures adopted to adapt to the consequences of climate change	Yes	5.1.1. The fight against climate change Page 100-105	GRI 3-3 (2021) GRI 201-2
Voluntary medium and long-term reduction targets to reduce greenhouse gas emissions and the means implemented for this purpose	Yes	5.1.1. The fight against climate change Page 103-105	GRI 3-3 (2021) GRI 305-5
Protection of biodiversity			
Measures taken to preserve or restore biodiversity	Yes	5.1.4. Protection of biodiversity Page 117-118	GRI 3-3 (2021) GRI 304-3
Impacts caused by activities or operations in protected areas	Yes	5.1.4. Protection of biodiversity Page 117-118	GRI 3-3 (2021) GRI 304-1 GRI 304-2

Information requested by the Non-Financial Information draft legislation	Materiality	Page or section of the report where an answer is given	Reporting criterion: Selected GRIs
Social and personnel issues			
Management approach: description and results of policies relating to these issues as well as the main risks related to these issues related to the Group's activities	Yes	5.0.2. Risks 5.1.5. Risk management in HR issues Page 90-91;133	GRI 3-3 (2021)
Employment			
Total number and distribution of employees based on diversity criteria (gender, age, country, etc.)	Yes	5.2. People in the ACS Group Page 121-123	GRI 405-1
Total number and distribution of employment contract types, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification	Yes	5.2. People in the ACS Group Page 121-123	GRI 2-7 (2021)
Number of dismissals by gender, age and professional classification	Yes	5.2. People in the ACS Group Page 123	GRI 3-3 (2021) GRI 401-1
The average remuneration and its evolution broken down by gender, age and professional classification or equal value	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 129-130	GRI 3-3 (2021)
Wage gap, remuneration for equal or average jobs in the company	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 130	GRI 3-3 (2021) GRI 405-2
The average remuneration of directors and executives, including variable remuneration, per diem, indemnity, and payment to long-term savings systems and any other remuneration broken down by gender	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 129	GRI 3-3 (2021)
Introduction of employment disconnection policies	Yes	5.2.3. Organisation of work and social relationships Page 131	GRI 3-3 (2021)
Employees with disabilities	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 128	GRI 3-3 (2021) GRI 405-1
Organisation of work			
Organisation of work time	Yes	5.2.3. Organisation of work and social relationships Page 131-132	GRI 3-3 (2021)
Number of hours of absenteeism	Yes	5.2.3. Organisation of work and social relationships Page 131	GRI 3-3 (2021) GRI 403-9
Measures to facilitate the enjoyment of work-life balance and encourage the co-responsible exercise of these measures by both parents	Yes	5.2.3. Organisation of work and social relationships Page 131-132	GRI 3-3 (2021) GRI 403-3
Health and safety			
Occupational health and safety conditions	Yes	5.3. Occupational health and safety Page 134-137	GRI 3-3 (2021) GRI 403-3
Work-related accidents, particularly their frequency and severity, as well as occupational illnesses; broken down by gender.	Yes	5.3.2 Safety statistics Page 139-140	GRI 403-9 GRI 403-10

Information requested by the Non-Financial Information draft legislation	Materiality	Page or section of the report where an answer is given	Reporting criterion: Selected GRIs
Social relationships			
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them	Yes	5.2.3. Organisation of work and social relationships Page 132	GRI 3-3 (2021)
Mechanisms and procedures available to the Company has to promote employee involvement in the management of the Company, in terms of information, consultation and participation	Yes	5.2.3. Organización del trabajo y relaciones sociales Pág. 132	GRI 3-3 (2021)
Percentage of employees covered by collective bargaining agreement, by country	Yes	5.2.3. Organisation of work and social relationships Page 132	GRI 2-30 (2021)
Balance of collective agreements, particularly in the field of occupational health and safety	Yes	5.2.3. Organisation of work and social relationships Page 132	GRI 3-3 (2021) GRI 403-4
Training			
The policies implemented in the field of training	Yes	5.2.1. Professional Development Page 124-126	GRI 404-2
The total number of training hours by professional category	Yes	5.2.1. Professional Development Page 126	GRI 3-3 (2021) GRI 404-1
Universal accessibility of disabled persons			
Universal accessibility of disabled persons	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 128	GRI 3-3 (2021)
Equality			
Measures adopted to promote equal treatment and opportunities between women and men	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 127-130	GRI 3-3 (2021)
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 127	GRI 3-3 (2021)
The anti-discrimination and, where applicable, diversity management policy	Yes	5.2.2. Equal opportunities, diversity and inclusion Page 127	GRI 3-3 (2021)

Information requested by the Non-Financial Information draft legislation	Materiality	Page or section of the report where an answer is given	Reporting criterion: Selected GRIs
Respect for human rights			
Management approach: description and results of policies relating to these issues as well as the main risks related to these issues related to the Group's activities	Yes	5.0.2. Risks 5.4.14. Risk management for compliance issues Page 90-91,154-155	GRI 3-3 (2021)
Human Rights			
Application of human rights due diligence procedures; prevention of risks of human rights abuses and, where applicable, measures to mitigate, manage and remedy potential abuses committed	Yes	5.4.5. Human Rights Page 146-147	GRI 2-23 (2021) GRI 2-26 (2021) GRI 410-1 GRI 412-1 a 412-3
Reports of cases of human rights abuses	Yes	5.4.5. Human Rights Page 147	GRI 3-3 (2021) GRI 406-1 (2016)
Measures implemented for promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organisation relating to respect for freedom of association and the right to collective bargaining; eliminating discrimination in employment and occupation; eliminating forced or compulsory labour; effectively eliminating child labour.	Yes	5.4.5. Human Rights Page 146-147	GRI 3-3 (2021) GRI 407-1 GRI 408-1 GRI 409-1
Prevention of corruption and bribery			
Management approach: description and results of policies relating to these issues as well as the main risks related to these issues related to the Group's activities	Yes	5.0.2. Risks 5.4.14. Risk management for compliance issues Page 90-91,154-155	GRI 3-3 (2021)
Corruption and bribery			
Measures adopted to prevent corruption and bribery	Yes	5.4.4. Prevention of corruption and bribery Page 145	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021) GRI 205-1 a 205-3
Measures to combat money laundering	Yes	5.4.4. Prevention of corruption and bribery Page 145	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021) GRI 205-1 a 205-3
Contributions to foundations and non-profit entities	Yes	5.4.4. Prevention of corruption and bribery 5.6. Contribution to society Page 144.159	GRI 2-28 (2021) GRI 201-1 GRI 415-1
Information about the Company			
Management approach: description and results of policies relating to these issues as well as the main risks related to these issues related to the Group's activities	Yes	5.0.2. Risks 5.6. Giving back to society Page 90-91.159	GRI 3-3 (2021)
Company commitments to sustainable development			
The impact of the company's activity on employment and local development	Yes	5.6. Contribution to society 5.7.1. The supply chain of the ACS Group Page 159.167-168	GRI 3-3 (2021) GRI 203-2 GRI 204-1
The impact of the company's activity on local populations and on the territory	Yes	5.6. Contribution to society 5.7.1. The supply chain of the ACS Group Page 159.167-168	GRI 3-3 (2021) GRI 413-1 GRI 413-2 GRI 411-1

Information requested by the Non-Financial Information draft legislation	Materiality	Page or section of the report where an answer is given	Reporting criterion: Selected GRIs
Relations with local community agents and dialogue with local communities	Yes	5.5. Management of the relationship with stakeholders Page 156-157	GRI 2-29 (2021) GRI 413-1
Association or sponsorship actions	Yes	5.5. Management of the relationship with stakeholders Page 156-157	GRI 3-3 (2021) GRI 201-1
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental issues in the procurement policy	Yes	5.7. Suppliers and contractors Page 167-171	GRI 3-3 (2021)
Consideration of social and environmental responsibility of suppliers and subcontractors in relations with them	Yes	5.7. Suppliers and contractors Page 167-171	GRI 2-6 (2021) GRI 308-1 GRI 414-1
Supervisory systems and audits and their results	Yes	5.7. Suppliers and contractors Page 167-171	GRI 2-6 (2021) GRI 308-2 GRI 414-2
Consumers			
Measures for consumer health and safety	Yes	5.8.2 Relationship with the customer Page 173	GRI 3-3 (2021) GRI 416-1
Complaint systems, complaints received and their resolution	Yes	5.8.2. Customer relations Page 173-174	GRI 3-3 (2021) GRI 418-1
Tax information			
Profit obtained by country	Yes	5.9. Tax information Page 175-177	GRI 3-3 (2021) GRI 207-4
Profits tax paid	Yes	5.9. Tax information Page 175-177	GRI 3-3 (2021) GRI 201-1 GRI 207-4
Public subsidies received	Yes	5.9. Tax information Page 175-177	GRI 201-4
European Union Taxonomy			
European Union Taxonomy	Yes	5.11. European Union Taxonomy 182-199	

6. CORPORATE GOVERNANCE

6.1. CORPORATE GOVERNANCE OF THE ACS GROUP

6.1.1. REPORTING

The Company's corporate governance is developed from **principles** based on **corporate values** (integrity, excellence, confidence, sustainability and profitability) included in its Code of Conduct, which are part of the Group's culture since its inception, and implemented through a set of rules and procedures that, among other aspects, govern the structure and functioning of the Company's governing bodies, as well as the relationships between these bodies and their members, executives and shareholders, so that directors and executives create long-term sustainable value for shareholders and the Company.

In particular, the **corporate principles**, based on these values and inspired by the Good Governance Code, are as follows:

- **Promotion of shareholder participation** ensuring equal of treatment, protecting the exercise of their rights and fostering shareholder confidence in the Company.
- **Appropriate and diverse composition of the Board and its committees and adequate and proportionate remuneration for its members** to attract and retain directors with the desired profiles and remunerate their dedication, qualifications and responsibility.
- **Efficient, organised and participatory functioning of the Board and its committees, avoiding inefficient action and the generation of conflicts of interest, misrepresentation and opportunistic or short-term thinking.**
- Promotion of **reporting transparency**, informing shareholders and the market in general of all information of their interest in relation to the Company and its Group, in accordance with the principles of transparency, accuracy of the information and speed of dissemination.
- **Company commitment to ethical and sustainable action**, which, in accordance with the ESG criteria, will aim to improve society, generating wealth to guarantee the well-being of the people it ultimately serves.
- Consolidation of **a drive for innovation**, development and continuous improvement to achieve maximum quality.
- **Compliance with current law and the internal corporate governance regulations of ACS and its Group** and ongoing updating in accordance with good governance recommendations, principles and best practices.

The Company's corporate governance configuration also takes into account the **principles and targets established by national and international bodies** in order to improve governance of the Company through effective performance, responsible management and ethical conduct in the Company and its Group.

6.1.2. CORPORATE GOVERNANCE SYSTEM

These Principles and their application to the Company's corporate governance practices and its Group are reflected in the Company's **corporate governance regulations**, which mainly include:

- The **corporate texts,** which consist of the By-Laws, which establish the fundamental rules and principles for the organisation and functioning of the Company and its governing bodies, and that are implemented through the **General Shareholders' Meeting By-Laws and the Board of Directors Rules**.
- The **corporate policies** aimed at establishing the principles and criteria that must serve as a basis for the governance model of the Company and its Group and the conduct of its activities.
- The **ACS Group Code of Conduct,** the highest rule, which chairs the entire regulatory body of the organisation, encompassing the entire Group and mandatory for directors, executives and employees who have links with their companies.
- The **Compliance policies and procedures** that constitute the Global Management System described in section 5.4 above, which establish and implement ACS' commitment to compliance with the Laws, regulatory requirements, industry codes, organisation standards, good governance standards, generally accepted best practices, ethics and expectations of stakeholders.

ACS GROUP GOVERNANCE REGULATIONS

Company By-Laws	Rules of Conduct in the Securities Market
General Shareholders' Meeting By-Laws	Rules of the Board of Directors
Corporate Governance Policy	Diversity Policy

6.2. EVOLUTION OF THE CORPORATE GOVERNANCE SYSTEM IN 2022

In 2022 ACS continued to implement and improve the Corporate Governance System of which the Global Compliance Management System is part, always based on the general framework established by the Corporate Governance Policy that the Board approved on 16 December 2021, in accordance with section 529 ter 1.c) of the Corporate Enterprises Act and section 5 of the Rules of the Board of Directors and also taking into account the content of both the international standard ISO 37301 on compliance management systems and the ISO 37000 standard on governance of the organisations.

Based on the criteria and guidelines that must govern the organisation and functioning of the Company's governing bodies, as well as the definition of the structure of the Group of companies in which ACS is the Parent in accordance with a highly decentralised management model, new steps have been taken towards the development of the Corporate Governance System, which respects the respective functional and liability areas of the various companies included in the Group, taking into account, where appropriate, the status of listed companies, and ensuring that the corporate interest of ACS is reconciled with that of these entities and the needs and expectations of its shareholders and other stakeholders, while establishing communication and information exchange mechanisms for the necessary strategic coordination in the interest of all companies included in the ACS Group..

6.2.1. UPDATE OF CORPORATE TEXTS

Pursuant to Spanish Law 5/2021, of 12 April, amending the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial rules, with regard to promoting the long-term involvement of shareholders in listed companies, the Company's corporate texts were amended to adapt them to the reform of the Corporate Enterprises Act introduced by Spanish Law 5/2021, as well as to introduce certain provisions related to other recent legal reforms - including Spanish Law 11/2018, of 28 December, on non-financial information and diversity and Spanish Organic Law 6/1985, of 1 July, on the Judiciary - and to include certain technical or systematic clarifications.

In particular, the Annual General Shareholders' Meeting held on 6 May 2022 approved the amendment of the ACS By-Laws for the purpose, among others, of: (i) incorporating certain clarifications regarding telematic attendance at Board meetings arising from the practice and the possibility of holding general meetings via exclusively

telematic means; (ii) completing the reference to the management report, considering that it will include, where appropriate, the non-financial statement of information; (iii) introducing some technical clarifications in relation to the remuneration of directors, without changing the substantive system; and (iv) making certain forecasts as a result of

other recent legal reforms, in addition to certain technical or systematic clarifications. The Annual General Shareholders' Meeting also approved the amendment of the General Shareholders' Meeting By-Laws in order mainly to: (i) coordinate the By-Laws in the matters affected in accordance with the amendments to the By-Laws (essentially, enabling the holding of exclusively electronic meetings, introducing clarifications in thematic assistance and supplementing the reference to the management report with the non-financial statement); (ii) attribute to the General Shareholders' Meeting the power of approval of the related transactions of their competence in accordance with the Law; (iii) update or supplement various forecasts regarding the transmission of information to shareholders and final beneficiaries, the fractionation of the vote of intermediary institutions and the right to request confirmation of receipt, registration and accounting of votes cast by electronic means; (iv) include, with regard to the information that the Company must publish on the website from the date of the call in the event that the proposed appointment, ratification or reelection of directors is included on the agenda, information on “any other remunerated activities carried out, whatever their nature”, in accordance with Recommendation 18 of the Good Governance Code of listed companies; and (v) include certain forecasts related to other recent legal reforms, in addition to some technical or systematic clarifications.

The ACS Board of Directors also approved at its meeting held on 16 December 2021, following a report from the Audit Committee, the amendment of the Rules of the Board of Directors in order to also adapt them to Law 5/2021, essentially with regard to: references to legal directors, which have been deleted; the definition and basic system for approving and disseminating related transactions, as anticipated in section 5.4.11 above and developed in section 6.2.3 below; the directors' duty of care; and the powers of the Audit Committee, including to provide the management report, which will include, where appropriate, the non-financial information required.

In addition, the amendment to the Rules of the Board of Directors introduced several points arising from best governance practices and, in particular: the role of the coordinating director was expressly included in maintaining contacts with investors and shareholders to find their views in order to form an opinion on their concerns, in particular in relation to the Company's corporate governance, in accordance with Recommendation 34 of the Good Governance Code for listed companies; and it was expressly established that the entry and exit of guests will be included in the minutes of the meetings of the internal committees of the Board (Audit Committee, Appointments Committee and Remuneration Committee), in accordance with section two of the Technical Guide 1/2019 of the CNMV on appointments and remuneration committees, a practice that extends to audit committees; and, lastly, some technical or drafting clarifications were introduced in the Rules.

6.2.2. MODIFICATION OF THE BOARD REMUNERATION POLICY

The Annual General Shareholders' Meeting held on 6 May 2022 approved, with 98.327% of votes in favour of the capital present or represented at the meeting, the amendment of the Board Remuneration Policy, in accordance with the reasoned proposal of the ACS Board and the report of the Remuneration Committee.

In compliance with section 217 of the Corporate Enterprises Act, the Policy determines remuneration within the statutory system established and provides for the maximum amount of remuneration that the Company may pay annually to all its directors, both executive and non-executive, which will continue to apply during the term of the Policy unless the General Shareholder Meeting decides to change it in the future.

Based mainly on the content of the previous Remuneration Policy, the main purpose of the amendment was to adapt it to the new developments in the Corporate Enterprises Act made by Law 5/2021, and, in this regard: (i) paragraph 1 on the principles of the Remuneration Policy was amended in accordance with the ESG principles and the values associated with due diligence in terms of sustainability and human rights; (ii) paragraph 2 on the functions assumed by the Remuneration Committee included the process of determining, reviewing and approving the Policy in accordance with section 529 novodecies.3 (h) of the Corporate Enterprises Act; (iii) paragraph 3 on the system applicable to remuneration for executive directors was adapted to sections 529 octodecies and 529 novodecies of the Corporate Enterprises Act (in this regard, the Policy, among others, the amount of annual fixed remuneration, the various parameters for setting the variable components and the main terms and conditions of its contracts); and (iv) paragraph 5 was adjusted in relation to the application of the Policy to new directors.

In turn, as stipulated in section 529 novodecies of the Corporate Enterprises Act, the ACS Board Remuneration Policy has been applied since its approval by the General Shareholders' Meeting and, therefore, for the remainder of 2022 and 2023, 2024 and 2025, without prejudice to the fact that the General Shareholder Meeting may change it in accordance with the legally stipulated terms.

Remuneration policy

Annual Report on Director´s remuneration

6.2.3. NEW SYSTEM FOR RELATED TRANSACTIONS

In accordance with the new system introduced by Law 5/2021, which amended the Corporate Enterprises Act, the ACS Board of Directors, following a report from the Audit Committee, agreed to **amendments to its Rules to expressly include the system on control of related transactions**, which essentially seeks to prevent a party with power of influence on the decision-making process of the listed company from obtaining a profit to the detriment of the listed company itself, its external shareholders (not affected by the transaction) or its creditors, with this amendment to the Rules having been reported at the Annual General Shareholders' Meeting held on 6 May 2022.

In its meeting of 15 December 2022, the Company's Board also approved the **Protocol on Related Transactions of ACS, Construction Activities and Services, S.A.** (the "Protocol'), which aims to establish an internal control procedure for the identification and analysis of related transactions and the articulation of the approval system for the related transaction by the competent body if appropriate and, where appropriate, their publication, all in order to ensure full compliance with legal requirements in this regard.

Under this Protocol, the identification and analysis of related transactions prior to their approval is carried out by an Operating Committee established in the Protocol, the main function of which is to support governing bodies in the application of the system for related transactions.

Also on 15 December 2022, the Board of Directors, following a report from the Audit Committee, unanimously agreed to delegate to the Company's Chief Executive Officer the approval of related transactions that meet the requirements that, in accordance with legal regulations and the Rules of the Board of Directors, allow their approval by delegation in accordance with the procedure established in the Protocol.

In this regard, the Protocol established an internal reporting and periodic control procedure in relation to the approval of related transactions by delegation, in which it was expected that the Secretary of the Operating Committee will submit a half-yearly report to the Audit Committee summarising the related transactions whose approval had been delegated by the Board and that had been approved during the period corresponding to the half-yearly financial information of ACS.

The Operating Committee, appointed by the Board on 15 December 2022, consists of the Administration Manager, the Head of Tax Advisory, the Head of Compliance, who acts as member and secretary of the Operating Committee and an external adviser. The Committee held its first meeting immediately after the approval of its incorporation under the Protocol on 16 December 2022.

6.3. GOVERNING BODIES

6.3.1. GENERAL SHAREHOLDERS' MEETING

The ACS General Shareholders' Meeting, as the highest body for the expression of the Company's will, is the main channel for shareholder participation in the Company, and its decisions, taken in accordance with the provisions of the By-Laws and the General Shareholders' Meeting By-Laws, are binding for all shareholders. It approves the financial statements, distributes earnings, approves corporate management, and appoints and removes directors, and performs any other functions that may be determined by law or the By-Laws.

6.3.1 BOARD OF DIRECTORS

The ACS Board of Directors represents and manages the company as the body supervising and controlling its activity, and also takes on the responsibilities and decision-making powers on the management of the businesses. The Board represents the Company, conducts its businesses and carries out any transactions that constitute its purpose or are related to it, in addition to its non-delegable functions in accordance with the Law and the By-Laws.

It is composed of individuals of renown and professional competence, who act with independent judgement in the performance of their duties. In this regard, ACS has a Diversity Policy which includes the projection onto the governing bodies of ACS and its Group of the diversity objectives and commitments and the mechanisms for monitoring and evaluating the policy approved by the Board.

At 31 December 2022, the Board of Directors of ACS had 15 members, a composition that is considered appropriate for the best performance of its duties, and the various suitability and diversity requirements were taken into account in this regard.

In line with the spirit of continuous improvement in terms of corporate governance, the Board of Directors underwent an annual assessment, in accordance with its Rules, to identify areas for improvement and prepare action plans for their achievement and monitoring.

BOARD OF DIRECTORS MATRIX OF COMPETENCES

	Executive Chairman	CEO	Vice-Chairman	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8	Board Member 9	Board Member 10	Board Member 11	Board Member 12
EXPERIENCE															
Sectorial	●	●	●		●	●	●	●		●	●		●	●	●
International	●	●			●	●		●		●			●	●	●
Academic	●	●		●		●	●	●	●	●		●	●		
Public Administration	●	●		●		●	●	●	●	●	●		●	●	●
KNOWLEDGE															
Accounting and Finance	●	●	●		●	●		●		●	●				●
Risks	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Operations	●	●	●				●			●				●	
Legal and fiscal				●	●	●		●			●		●		●
Technology and digital transformation		●			●			●							●
Human resources	●	●	●		●	●	●	●	●	●	●	●	●	●	●

6.3.3. BOARD COMMITTEES

In order to make its functions more effective, the Board of Directors has the following committees, the members of which will be appointed taking into account the knowledge, skills and experience necessary for the better performance of their duties and in accordance with applicable regulations.

- Executive Committee: Delegated Committee of the Board of Directors that exercises, by delegation of the Board of Directors, all powers that correspond to the Board except those that are legally or statutorily non-delegable.

- Audit Committee: Internal Board Committee that is attributed, in accordance with the legal provisions and with the recommendations of the CNMV, functions relating to (i) the supervision of financial and non-financial information, internal control and internal audit and risk management and control, (ii) relations with the external auditor, as well as proposals for their selection, appointment, reelection and replacement and the preservation of their independence in the exercise of their functions, (iii) reporting on related transactions to be approved by the General Shareholders' Meeting or the Board of Directors and supervise the internal procedure established by the Company for those whose approval has been delegated by the Board in accordance with applicable law and (iv) reporting to the Board on all matters stipulated by Law, the By-Laws and in the Rules of the Board of Directors. It also oversees compliance with the Company's policies and rules on environmental, social and corporate governance matters, as well as with the internal codes of conduct.

- Appointments Committee: And Internal Board Committee that is in charge of, in accordance with the legal provisions and with CNMV recommendations,

- functions relating to (i) the composition of the Board, (ii) the selection of directors and senior executives, (iii) the report or proposal of the Board positions; (iv) leading the annual assessment of the Board, (v) designing and organising regular knowledge update programmes for the directors and (vi) ensuring that any conflicts of interest do not impair the independence of external advice provided to the Committee.

- Remuneration Committee: Internal Committee of the Board that, in accordance with the legal provisions and with the recommendations of the CNMV, is attributed functions relating to (i) proposing to the Board the remuneration policy for directors and senior executives and regularly reviewing it, (ii) proposing the contractual terms of the executive directors and the contracts of senior executives on remuneration, (iii) informing the Board of the individual determination of the remuneration of each Director, (iv) informing of the proposal for multi-year plans that may be established, (v) verifying the information on remuneration of directors and senior executives contained in the corporate documents and (vi) ensuring that potential conflicts of interest do not impair the independence of external advice provided to the Committee.

In accordance with the Rules of the Board of Directors, the Audit Committee, the Appointments Committee and the Remuneration Committee establish an annual work plan that includes the main activities of them during the year, and prepare an annual report on their functioning during the year, including, among other matters, any significant activities carried out during the period, which is published on the corporate website upon the publication of the call for the Annual General Shareholders' Meeting.

6.4. THE COMPETENCE OF THE AUDIT COMMITTEE TO SUPERVISE AND ASSESS THE CORPORATE GOVERNANCE SYSTEM AND INTERNAL CODES OF CONDUCT

As indicated above, the ACS Audit Committee is responsible, among its functions, for supervising compliance with the Company's environmental, social and corporate governance policies and standards, as well as internal codes of conduct.

Within this function, and in compliance with the CNMV 2022 recommendations on the "Corporate governance reports of securities issuing institutions admitted to trading on regulated markets", the Audit Committee approved, at its meeting held on 15 December 2022, the **Report of the Audit Committee on the regular assessment and review of the corporate governance system.** This report also reflected the **Audit Committee activity report** that will be approved and sent to the markets in the last week of March 2023, upon the call for the General Shareholder Meeting in May 2023.

In this report, the Board was informed that the Committee continued in 2022 with its **supervisory functions for compliance with the Company's corporate governance rules and internal codes of conduct** and also carried out an ongoing assessment of the corporate governance system, analysing potential areas of improvement.

To this end, the Committee took particular note of: (i) the Corporate Governance Policy, (ii) the Economic, Financial, Non-Financial and Corporate Information Communication Policy, and the Accounting and Implication Policy with Shareholders and Other stakeholders, (iii) the Directors Remuneration Policy, (iv) the Sustainability Policy, (v) the Code of Conduct, (vi) the Code of Conduct for Business Partners and (vii) the Securities Market Conduct Regulation.

In this regard, the Audit Committee notes that the corporate culture reflected in these Policies and Standards is aligned with the purpose and values included in the Code of Conduct.

The Audit Committee, with the support of the Compliance Committee, also analysed in particular in 2022 the **changes to a set of policies and procedures** (including the Human Rights Policy, the Corporate Protocol on Due Diligence in the field of Human Rights, the Sustainability Policy, the Code of Conduct for Business Partners and the Environmental Policy) and the development of two new policies (the General Compliance Policy and the Occupational Health and Safety Policy) taking into account the Proposal for a European Directive on Due Corporate Governance in Sustainability, the expectations of stakeholders reflected in the new Dow Jones SI questionnaire, the certifiable standard **ISO 37301: 2021** on compliance management systems and the **certifiable standard UNE 19602: 2019** on tax compliance management systems.

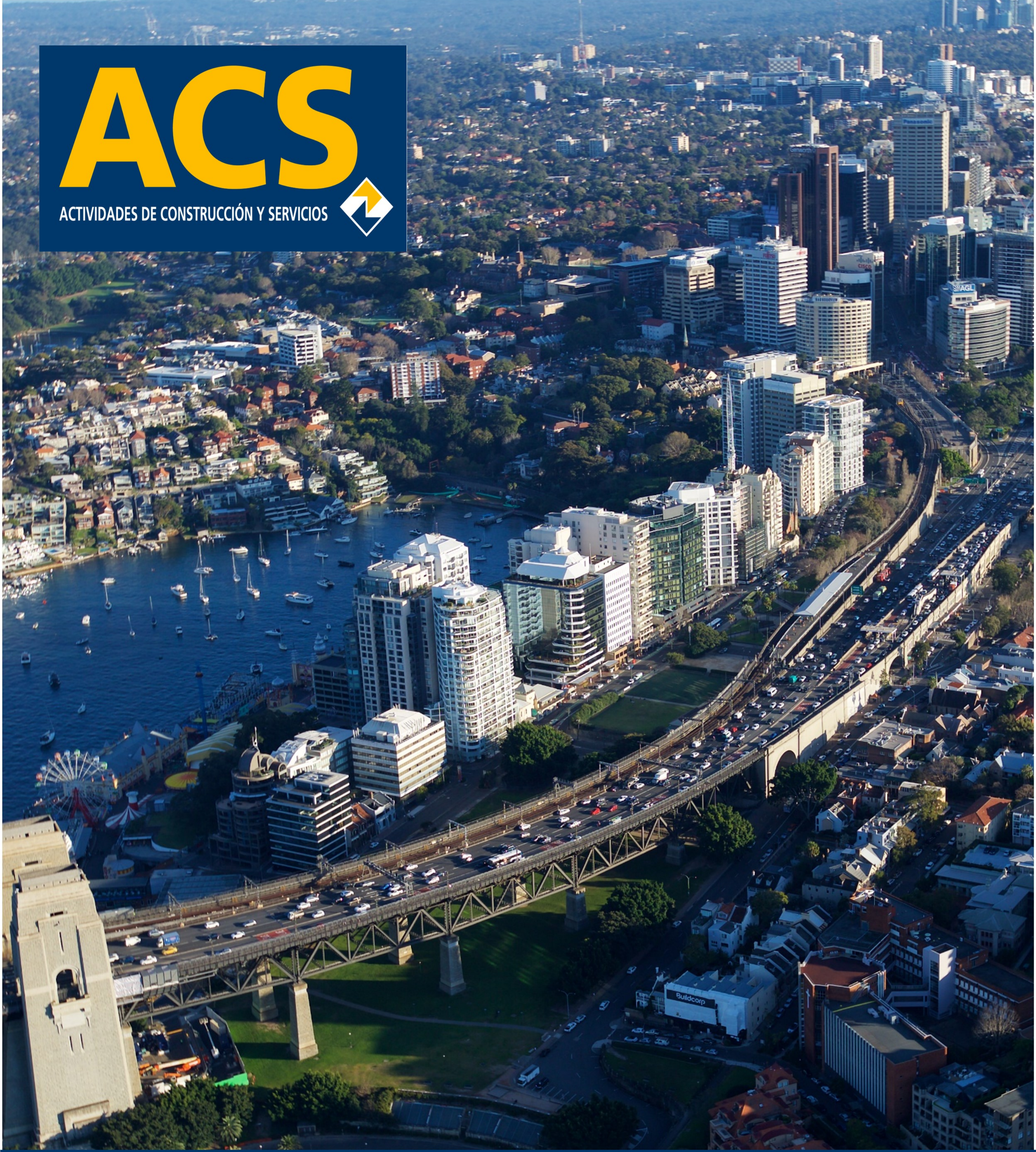
Likewise, **in 2022 the Audit Committee continued to assess the sustainability monitoring reports of the ACS Group**.

Furthermore, in fulfilment of its role of assessing and reviewing the Company's Corporate Governance System, the Audit Committee continued to analyse the legislative changes in good governance in 2023 in order to review and/or update certain corporate rules, where appropriate.

In this regard, in the last quarter of 2022 the Audit Committee has already begun to study new regulations that may have implications for the Company's governance and, in particular, in relation to: (i) the approval on 22 February 2023 by the CNMV of the Code of Good Practices for Institutional Investors, Asset Managers and Voting Advisers; (ii) Directive CSRD 2022/2464 of the European Parliament and of the Council of 14 December 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, with regard to the presentation of information on sustainability; and (iii) the proposed Directive on Corporate Sustainability Due Diligence (CSDD) of 30 November 2022 that develops various aspects of the relationships between sustainability and governance of companies.

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



2022

ANNUAL CORPORATE GOVERNANCE REPORT

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

A. OWNERSHIP STRUCTURE

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

Indicate whether the Company By-Laws contain a provision for double voting due to loyalty:

No X
Yes

Minimum uninterrupted period of ownership required by the Company

Indicate whether the company has attributed loyalty votes:

No
Yes

Date of the last change in share capital	Share capital	Number of shares	Number of voting rights (Not including additional votes attributed by loyalty)	Number of additional voting rights attributed corresponding to shares with loyalty votes	Total number of voting rights, including additional votes attributed by loyalty
16/11/2022	142,082,297.00	284,164,594	284,164,594		

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

Comments
On 8 February 2023, the capital increase and simultaneous capital reduction resulting from the second execution of the flexible dividend resolved by the General Shareholders' Meeting of 6 May 2022 was carried out. Therefore, both the amount of share capital and the total number of shares remain unchanged.

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

Yes	No
	X

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

Name or company name of the shareholder	% voting rights attributed to shares (including loyalty votes)		% voting rights through financial instruments		% of total voting rights	Of the total number of voting rights attributed to the shares, indicate any additional votes attributed that correspond to the shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. ALBERTO CORTINA ALCOCER	0.00	2.83	0.00	0.00	2.83		
Mr. FLORENTINO PÉREZ RODRÍGUEZ	0.00	13.86	0.00	0.00	13.86		
Mr. ALBERTO ALCOCER TORRA	0.00	2.56	0.00	0.00	2.56		
SOCIETE GENERALE S.A.	6.44	0.00	0.00	0.00	6.44		
BLACKROCK	0.00	5.16	0.00	0.90	6.06		

Details of the indirect shareholding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to shares (including loyalty votes)	% voting rights through financial instruments	% of total voting rights	Of the total number of voting rights attributed to the shares, indicate any additional votes attributed that correspond to the shares with loyalty votes
Mr. ALBERTO CORTINA ALCOCER	PERCACER S.L.	1.51	0	1.51	
Mr. ALBERTO CORTINA ALCOCER	CORPORACIÓN FINANCIERA ALCOR, S.L.	0.17	0	0.17	
Mr. ALBERTO CORTINA ALCOCER	IMVERNELIN PATRIMONIO, S.L..	1.15	0	1.15	
Mr. ALBERTO ALCOCER TORRA	COMERCIO Y FINANZAS, S.L.	1.24	0	1.24	
Mr. ALBERTO ALCOCER TORRA	CORPORACIÓN FINANCIERA ALCOR, S.L.	0.17	0	0.17	
Mr. ALBERTO ALCOCER TORRA	IMVERNELIN PATRIMONIO, S.L.	1.15	0	1.15	
Mr. FLORENTINO PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.	13.86	0	13.86	
BLACKROCK	BLACKROCK, INC	5.16	0.9	6.06	

Comments

Florentino Pérez Rodríguez holds 500,000 options on ACS Actividades de Construcción y Servicios, S.A. shares, representing 0.18% of the share capital, derived from the ACS Group's 2018 Stock Options Plan, which was notified to the CNMV on 25 July 2018, which he is not expected to exercise under current market conditions.

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

Most significant movements

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

Director name	% voting rights attributed to shares (including loyalty votes)		% voting rights through financial instruments		% of total voting rights	Of the total % voting rights attributed to the shares, indicate, where applicable, the % of additional votes attributed that correspond to the shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. JOSÉ LUIS DEL VALLE PÉREZ	0.11	0.00	0.00	0.00	0.11	0.00	0.00
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	0.00	0.28	0.00	0.00	0.28	0.00	0.00
Mr. JAVIER ECHENIQUE LANDIRÍBAR	0.02	0.00	0.00	0.00	0.02	0.00	0.00
Mr. ANTONIO GARCÍA FERRER	0.04	0.00	0.00	0.00	0.04	0.00	0.00

% of total voting rights held by Board members	14.31

Comments
José-Luis del Valle holds 275,000 options on ACS Actividades de Construcción y Servicios, S.A. shares, 0.10% of the share capital, derived from the ACS Group's 2018 Stock Options Plan, which was notified to the CNMV on 25 July 2018, which he is not expected to exercise under current market conditions.

Details of the indirect shareholding:

Director name	Name or company name of the direct shareholder	% voting rights attributed to shares (including loyalty votes)	% voting rights through financial instruments	% of total voting rights	Of the total % voting rights attributed to the shares, indicate, where applicable, the % of additional votes attributed that correspond to the shares with loyalty votes
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FAPIN MOBI, S.L.	0.28	0.00	0.28	0.00

Comments

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

% of total voting rights represented on the board	14.31

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

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

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

Comments

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

Yes	No
	X

Indicate whether the company is aware of any concerted actions between its shareholders. If so, provide a brief description:

Yes	No
	X

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

Yes	No
	X

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

Number of direct shares	Number of indirect shares (*)	% of total share capital
25,904,154	500	9.12%

Observaciones

(*) Through: Residencial Montecarmelo, S.A.

Explain the significant changes that occurred during the year:

Notification of acquisitions:

Notification date	Total direct shares redeemed	Percentage of total share capital
22/11/2022	2,231,135	0.785%
05/10/2022	2,984,587	1.034%
30/08/2022	3,092,771	1.071%
22/07/2022	2,158,685	0.748%
27/06/2022	3,013,374	1.044%
27/05/2022	1,660,570	0.575%
12/05/2022	3,076,471	1.044%
08/04/2022	3,040,936	1.032%
08/03/2022	3,031,038	1.029%
07/02/2022	766,638	0.26%
31/01/2022	2,275,422	0.772%

Comunicación de amortizaciones:

Notification date	Total direct shares redeemed	Total sobre capital social
22/11/2022	4,500,000	1.584%
22/07/2022	9,132,720	3.164%
27/05/2022	6,000,000	2.079%
07/02/2022	3,047,466	1.034%
31/01/2022	10,000,000	3.394%

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

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 6 May 2022: 'In rendering the authorisation granted through resolution by the shareholders at the Company's General Meeting held on 7 May 2021 null and void and in accordance with the provisions of sections 146 et seq. and 509 of the Revised Text of the Corporate Enterprises Act, the Board of Directors of the Company and those of its subsidiaries are authorised, during a period of one year from the date of this meeting, which will be automatically extended for periods of equal duration up to a maximum of five years, unless stipulated otherwise by the shareholders at the General Meeting, and in accordance with the conditions and requirements envisaged in the legal provisions in force at the time, to acquire, at any given time and as many times as deemed advisable and through any of the means admitted by law, with a charge to profit for the year and/or unrestricted reserves, shares of the Company, the nominal value of which when added to those already owned by the Company or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, the maximum amount authorised by the legislation applicable at any given time. The minimum price and the maximum price, respectively, will be the nominal value and the weighted average price relating to the last trading day prior to the transactions increased by 20%. The Company's board and those of its subsidiaries are also authorised, within the period and in accordance with the conditions established above to the extent possible, to acquire shares of the Company through loans, for a consideration or otherwise, on an arm's-length basis, taking into account market conditions and the characteristics of the transaction.

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

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

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

Performing this capital reduction will be subordinate to the capital reduction through retirement of treasury shares proposed to the shareholders at the Ordinary General Meeting under item 7 on the Agenda, such that under no circumstances may it prevent the implementation of that resolution in as stipulated in it'.

Likewise, the Ordinary General Shareholders' Meeting held on 8 May 2020 resolved to delegate to the Board, in accordance with section 297(1)(b)Corporate Enterprises Act, the authority to increase the share capital of the Company once or several times by a maximum of up to 50% of the capital, without the need for a call or subsequent resolution of the General Meeting, and to expressly grant the Board the power to exclude, in whole or in part, the pre-emptive subscription right up to a maximum nominal amount, in aggregate, equal to 20% of the share capital at the time of authorisation, pursuant to section 506 Corporate Enterprises Act, also including exclusions of the pre-emptive subscription right made within the framework of securities issues in accordance with the resolution below. This resolution remains in force.

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

A.11 Estimated percentage free-float capital:

	%
Estimated free-float capital	58.68%

Comments

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

Yes	No
	X

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

Yes	No
	X

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

Yes	No
	X

B. GENERAL MEETING

B.1 Indicate and, if applicable describe, any differences between the rules established in the Corporate Enterprises Act to pass resolutions and the company's rules:

Yes	No
	X

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

Yes	No
	X

B.3 Indicate the rules on amending the company's by-laws. In particular, indicate the majorities needed to amend the by-laws, and, where appropriate, the rules on protecting shareholder rights when amending the by-laws.

Article 32 of the Company By-Laws establishes that, for the General Meeting to be able to validly resolve to increase or reduce the capital and any other amendment to the Company By-Laws, to issue debentures, to disapply or limit the pre-emption right for new shares, and to transform, merge, spin-off or globally assign assets and liabilities, to transfer the registered office abroad or dissolve the Company by a mere resolution of the General Meeting without giving rise to any mandatory cause, shareholders must be present or represented who hold at least 50% of the subscribed capital with voting rights, or at second call, the 25% of that capital must be present or represented. These resolutions will be adopted by an absolute majority if the capital present or represented exceeds 50% at first call and with the favourable vote of two-thirds of the capital present or represented at the meeting when, at second call, shareholders representing 25% or more of the subscribed capital with voting rights attend without reaching 50%.

With regard to protecting shareholders, in addition to the Board preparing the mandatory reports required for this purpose under section 286 of the Corporate Enterprises Act, Article 9.4 of the Shareholders' General Meeting By-laws establishes that General Meeting calls must include, among other things, the place and manner in which the full text of the documents and proposed resolutions may be obtained, and the address of the website where the information will be available. In addition, Article 12 of the Shareholders' General Meeting By-laws provides for the possibility for shareholders to request in writing any information or clarifications they deem necessary and to submit in writing any questions they deem pertinent on the amendment proposed to the General Meeting. Finally, in accordance with article 29.3 of the Shareholders' General Meeting By-laws, the amendment of each article or group of articles of the Company By-Laws that has its own autonomy will be voted on separately.

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

	Attendance information				
Date of the General Meeting	% present in person	% proxies	% remote voting		Total
			Electronic vote	Other	
08/05/2020	0.93%	52.80%	0.01%	0,00%	53.74%
Of which are free-float capital:	0.07%	47.11%	0.01%	0,00%	47.19%
07/05/2021	1.45%	60.37%	0.02%	0,00%	61.84%
Of which are free-float capital:	0.08%	40.74%	0.02%	0,00%	40.84%
06/05/2022	0.43%	55.38%	0.04%	0,00%	55.85%
Of which are free-float capital:	0.34%	33.97%	0.04%	0,00%	34.35%

Comments

The votes cast by shareholders attending remotely are included in the 'electronic vote' column.

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

Yes	No
	X

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

Yes	No
X	

Number of shares required to attend general meetings	100
Number of shares required to vote remotely	100

Comments

Article 26 of the Company By-Laws establishes the following: 'The General Meeting comprises all the shareholders that hold at least one hundred shares, either in person or by proxy. Owners or holders of fewer than 100 shares may group themselves together to reach this number and may be represented either by one of the group or by another shareholder that possesses enough shares to form part of the general meeting'. Article 27 of the Shareholders' General Meeting By-laws provides that shareholders holding at least 100 voting shares may vote on proposals on items on the agenda for any type of General Meeting prior to the General Meeting by post or email, and by any other means of remote communication, provided that there are adequate guarantees of authenticity and identification of the voting shareholder and, where appropriate, the security of electronic communications is duly ensured in accordance with the provisions of the Board in this respect.

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

Yes	No
	X

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

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

Once on the ACS Group's website, several tabs appear at the top, with the one of interest here being 'CORPORATE GOVERNANCE'. Clicking on this link brings up the Company By-Laws, the Shareholders' General Meeting By-laws and the Rules of the Board of Directors.

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

- Board. Clicking on this link displays the Rules of the Board of Directors and the composition of the Board, with information on each Board member.

- Annual Corporate Governance Report. After clicking on this link, following a brief introduction, there is a specific instruction to click on it and download the annual reports since 2006 in PDF format.

On the other hand, in the drop-down index of the COMPLIANCE tab, the 'Compliance Policies and Procedures' section appears, which contains the Code of Conduct, the Code of Conduct for Business Partners, the General Compliance Policy, the Criminal and Anti-Bribery Compliance Policy, the Human Rights Policy, the Diversity Policy, the Competition Compliance Policy and Protocol, the Information Security Policy, the Treasury Stock Policy, the Corporate Human Rights Due Diligence Protocol, the Occupational Health and Safety Policy, an Explanatory Video of the Code of Conduct, an Explanatory Video of the Code of Conduct for Business Partners, the Policy on the Operation of the Whistleblower Channel, the General Risk Control and Management Policy, the Corporate Tax Policy, the Sustainability Policy, the Policy on Reporting Economic-Financial, Non-Financial and Corporate Information, and of Contacts and Engagement with Shareholders and Other Stakeholders, the Remuneration Policy, the Environmental Policy and Code of Conduct in the Securities Markets, the Policy on Community Investment, Sponsorship, Patronage and Philanthropic Donations, and the Policy on Compliance with International Sanctions Imposed on Third Parties. Likewise, the 'Corporate Policies' section--which contains the Corporate Governance Policy--also appears in the drop-down menu of the COMPLIANCE tab.

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

C MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Company By-Laws and the number established by the general meeting:

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

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

Name or Company name of the board member	Representative	Category of the board member	Position on the Board	Date of first appointment	Date of last appointment	Procedure for appointment
Mr. FLORENTINO PÉREZ RODRÍGUEZ		Executive	Chairman and CEO	28/6/1989	10/5/2019	Shareholder Resolution
Mr. ANTONIO GARCÍA FERRER		Executive	Deputy Chair	14/10/2003	10/5/2019	Shareholder Resolution
Mr. JUAN SANTAMARÍA CASES		Executive	Chief Executive Officer	6/5/2022	6/5/2022	Shareholder Resolution
Mr. ANTONIO BOTELLA GARCÍA		Independent	Director	28/4/2015	10/5/2019	Shareholder Resolution
Mr. JOSÉ LUIS DEL VALLE PÉREZ		Executive	Secretary General and member of the Board of Directors	28/6/1989	10/5/2019	Shareholder Resolution
Mr. JAVIER ECHENIQUE LANDIRÍBAR		Proprietary	Director	20/5/2004	8/5/2020	Shareholder Resolution
Ms. CARMEN FERNÁNDEZ ROZADO		Independent	Director	28/2/2017	7/5/2021	Shareholder Resolution
Mr. MARÍA JOSÉ GARCÍA BEATO		Independent	Director	6/5/2022	6/5/2022	Shareholder Resolution
Mr. EMILIO GARCÍA GALLEGO		Independent	Director	13/11/2014	10/5/2019	Shareholder Resolution
Mr. MARIANO HERNÁNDEZ HERREROS		Proprietary	Director	5/5/2016	8/5/2020	Shareholder Resolution
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ		Other External	Director	28/6/1989	10/5/2019	Shareholder Resolution
Ms. CATALINA MIÑARRO BRUGAROLAS		Independent	Director	28/4/2015	10/5/2019	Shareholder Resolution
Ms. MARÍA SOLEDAD PÉREZ RODRÍGUEZ		Proprietary	Director	13/11/2014	10/5/2019	Shareholder Resolution
Mr. MIGUEL ROCA JUNYENT		Other External	Director	14/10/2003	10/5/2019	Shareholder Resolution
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ		Independent	Coordinating Director	22/12/2016	7/5/2021	Shareholder Resolution

Total number of Board members	15

Indicate any departures from the Board during the reporting period, whether due to resignation or by resolution of the general meeting:

Name or company name of the Board member	Class of board member at the time of departure	Date of last appointment	Date of departure	Specialised committees on which the member sat	departure took place before the end of the member's term of
Mr. AGUSTÍN BATUECAS TORREGO	Other External	10/05/2019	25/03/2022		Yes
Mr. JOAN DAVID GRIMÀ TERRÉ	Other External	10/05/2019	25/03/2022	Nominations Committee	Yes

Grounds for dismissal, when it occurred before the end of the term of office and other observations: information on whether the director sent a letter to the other members of the board, and in the case of departures of non-executive directors, explanation or opinion of the director who was dismissed by the general meeting

At the meeting of the Board of ACS, Actividades de Construcción y Servicios, S.A. held on 24 March 2022, the directors Agustín Batuecas Torrego and Joan David Grimà y Terré tendered their voluntary resignation without stating their personal reasons, being accepted by the Board with thanks for the services rendered, and the Company made the corresponding communication to the CNMV by means of Other Relevant Information on 25 March 2022 (record number: 15165).

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

EXECUTIVE DIRECTORS

Name or company name of board member	Position in the organisational chart of the Company	Profile
Mr. FLORENTINO PÉREZ RODRÍGUEZ	Executive Chair	Born in Madrid in 1947. Degree in Civil Engineering from the Polytechnic University of Madrid. He began his professional career in 1971 in the private sector, becoming director of the Spanish Road Association, before moving to the public sector. From 1976 to 1982, he held several positions in the Public Administration, such as the Delegate for Water Treatment and the Environment on the Madrid City Council, Managing Sub-Director of the Ministry of Industry and Energy, General Manager of Transport Infrastructures of the Ministry of Transport, and Chair of the National Institute for Agricultural Renovation and Development (IRYDA) of the Ministry of Agriculture. In 1983, he returned to the private sector as the chief executive of Construcciones Padros, S.A., also being one of its main shareholders. Since 1993 he has been Chair of ACS, Actividades de Construcción y Servicios, S.A. He is also the President of Real Madrid.
Mr. ANTONIO GARCÍA FERRER	Deputy Chair	Born in Madrid in 1945. He was awarded a degree in Civil Engineering from the Polytechnic University of Madrid in 1971. He joined Dragados as a student in 1970 and subsequently as site manager on several projects on the Spanish mainland, until he was appointed Delegate of Civil Works in Madrid and then Director of the Central Region of Dragados until 1997. He was subsequently appointed Director of Building Works in Spain until 2001, when he became General Manager of Industrial Works and Environmental Services. In 2002 he was appointed Executive Chair of the Dragados Group until December 2003, when, following the merger with ACS, he became Executive Vice-Chair. He is currently director of Dragados, S.A. and ACS Servicios y Concesiones, S.L.

Mr. JUAN SANTAMARÍA CASES	Chief Executive Officer	Born in Madrid in 1978. Degree in Civil Engineering from the Polytechnic University of Madrid. Juan Santamaría has spent his entire working career with the ACS Group. From 2002 to 2006, he held different positions at Iridium and Dragados as Engineer and Project Director; from 2006 to 2013 he was CEO of ACS Infraestructuras in the USA and Canada; between 2013 and 2015 he was President and CEO of Iridium, in 2016 he held the position of Executive Manager for CPB in Western Australia and the Northern Territory, in 2017 he was CEO of the Industrial and Services Company UGL; and in 2018 and 2019 he was CEO of the Construction Company CPB in Australia, with operations in Australia, New Zealand and Asia. He is currently CEO of Hochtief AG, Executive Chairman of the Cimic Group and Director of the Turner Corporation, Thiess Group Finance PTY LTD, Thiess Group Holdings PTY LTD and Thiess Group Finance USA PTY LTD.
Mr. JOSÉ LUIS DEL VALLE PÉREZ	Director and General Secretary	Born in Madrid in 1950. He holds a licentiate in Law from the Complutense University and was made State Counsel in 1974, and has been a member of the Madrid Bar Association since 1976. As a State Counsel, he worked at the Treasury and Courts Office in Burgos and Toledo and in the Ministries of Health and Social Security and of Labour and Social Security. He was Director of the National Legal Department of the UCD. He was a member of the Congress of Deputies in the 1979/1982 legislature and Undersecretary of the Ministry of Territorial Administration. He has served as Director and Secretary of the Board in numerous companies such as Continental Hispánica, S.A. (a subsidiary of the US company Continental Grain), Continental Industrias del Caucho, S.A., FSC Servicios de Franquicia, S.A. and Continental Tyres, S.L. (Spanish subsidiaries of the German group Continental AG), Ercros, Banesto, etc. At present, he is Director-Secretary General of the ACS Group, and Director-Secretary of its main subsidiaries ((Dragados, S.A. and ACS Servicios y Concesiones, S.L.), and sitting on the Supervisory Board of Hochtief AG and the Board of CIMIC Group Limited. He is a practising attorney.

Total number of executive directors	4
% of total Board	26.67 %

PROPRIETARY AND EXTERNAL BOARD MEMBERS

Name or company name of the board member	Name or company name of the shareholder represented or that proposed appointment	Profile
Ms. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.	Born in Madrid in 1943. She holds a Degree in Chemistry and a Degree in Pharmacy from the Complutense University of Madrid. She has been a professor in colleges in Madrid and a technical advisor for Geblasa, SA, a chemical products import and export company, and an associate pharmacist in the Pharmacy Office of Madrid (Oficina de Farmacia de Madrid). She was director of several Group subsidiaries (ACS Servicios Comunicaciones y Energía, S.L., and Dragados, S.A.) and is currently director of ACS and its subsidiary ACS Servicios y Concesiones, S.L.

Mr. JAVIER ECHENIQUE LANDIRÍBAR	CORPORACIÓN FINANCIERA ALCOR, S.L.	Born in Isaba, Navarre in 1951. Graduate in Economic and Actuarial Sciences. He has been Director - General Manager of Allianz-Ercos, General Manager of the BBVA Group, Vice-Chairman of Banco Sabadell and Director of Grupo Empresarial ENCE S.A. He is currently a Director of ACS and Dragados, S.A. He is also a member of the Board of Trustees of the Novia Salcedo Foundation and the Altuna Foundation. He is also deputy chair and coordinating director of Telefónica S.A.
Mr. MARIANO HERNÁNDEZ HERREROS	ROSAN INVERSIONES, S.L.	Born in Torrelavega, Cantabria in 1943. Graduate in Medicine and Surgery from the Complutense University and specialist in Psychiatry from the same university, having developed all his professional activity as a psychiatrist in the López-Ibor clinic. He is the author of numerous papers in scientific publications and presentations at international congresses. He has sat on the boards of the Dragados Group, Iberpistas S.A. and Autopistas Aumar, S.A., and is currently on the boards of Dragados, S.A. and ACS, Servicios y Concesiones, S.L.

Total number of proprietary board members	3
% of total Board	20.00 %

INDEPENDENT NON EXECUTIVE DIRECTOR

Name of Board member	Profile
Mr. ANTONIO BOTELLA GARCÍA	Born in Orihuela on 28 July 1947. He holds a degree in Law from the University of Murcia, and he became a State Counsel in 1974. He served as State Counsel at the Supreme Court, in the Revenue Service Delegation and at the Courts of Oviedo, in the Revenue Service Delegation and at the Courts of Albacete, in the Office of the President of the National Government attached to the Department of Parliamentary Relations, in the Legal Office of the Ministry of Transport, Tourism and Communications, and at the National High Court. He has also served as Technical General Secretary to the Ministry of Transport, Tourism and Communications, and to the Ministry of Agriculture, Fisheries and Food, while also having served as the Junior Secretary of the Ministry of Agriculture and Conservation. He has also been a Lecturer in Law at the Business Institute of the University of Oviedo and at the Correspondence University of Albacete. Lastly, he has served on the Boards of Caja Postal de Ahorros (subsequently Argentaria and now part of BBVA), Aviaco (subsequently merged with IBERIA LAE) and Aldesasa, and serving as Secretary to the Board in numerous companies. He is a practising lawyer.
Ms. CARMEN FERNÁNDEZ ROZADO	She holds Licentiates in Business and Economic Sciences and in Political and Sociology Sciences from the Complutense University of Madrid, and a PhD in Government Taxation from the same university. She has completed the Senior Management Program (PADE) at the IESE Business School (University of Navarre). Government Tax Inspector and Auditor. She began her career in 1984 at the Ministry of Treasury, where she also held several positions at the State Tax Administration Agency. In 1999, she was appointed as a member of the Board of the National Energy Commission (Comisión Nacional de la Energía), a position she held until 2011. Since then, she has been an international consultant for the development and execution of business plans in Energy and Infrastructure in a variety of countries of Latin America and Asia. During 2012 and 2013 she was a member of the Advisory Board of EY. She is a member of the Advisory Board of Beragua Capital Advisory. Between 2021 and 2022 she was a director of Primafrio and, since April 2015, she has been a director and member of the Audit Committee and the Corporate Governance and Sustainability Committee of EDP (Energías de Portugal) in Lisbon. She a professor at various Spanish and foreign universities and business schools, and the author of numerous Articles and publications on Taxation, Energy and Sustainability.

Ms. MARÍA JOSÉ GARCÍA BEATO	She was born in Córdoba in 1965. She holds a degree in Law and a diploma in Criminology. State Counsel since 1991. She has worked as a State Counsel, among other posts, at the High Court of Justice of Madrid, the Data Protection Agency, the General Secretariat for Communications and the National High Court. She has been Director of the Cabinet of the Minister of Justice and Undersecretary of Justice. In 2005, she joined Banco Sabadell as Director of the Legal Department, where she served as General Secretary, Deputy Secretary of the Board and General Secretary Director. She has been Director of Red Eléctrica Corporación and Director and Secretary of several companies. She is currently Director of Banco Sabadell and the Iberes Group. She is a practising lawyer.
Mr. EMILIO GARCÍA GALLEGO	Born in Cabreiroá, Orense in 1947. Qualified as a civil engineer (Madrid 1971), he holds a Law Degree (Barcelona 1982) and has taken doctorate studies at the Polytechnic University of Catalonia. He has also completed the following official courses: Groundwater Hydrology at the School of Industrial Engineers of Barcelona; Management Improvement (1984-85) at the School of Public Administration of Catalonia; Coastal Engineering at the School of Civil Engineering of Catalonia (ETSICCP); and Port Engineering and Oceanographic Engineering at the School of Civil Engineering of Catalonia. His teaching activity has included the position of professor in charge of the 'Soil Mechanics and Special Foundations' course at the Barcelona School of Architecture (1974-82) and professor in charge of the doctorate course entitled 'Consolidation of soft and weak ground' at the Barcelona School of Architecture (1979-80). He has also been an engineer for the River Policing Authority of the eastern Pyrenees, engineer for Fomento de Obras y Construcciones, representative for the Catalonia area of the company "Grandes Redes Eléctricas, S.A.", Head of the Ports Service of the Regional Government of Catalonia and co-director of the Ports Plan of Catalonia, general manager for Infrastructure and Transportation of the Regional Government of Galicia, general manager for Transportation of the Regional Government of Catalonia, deputy manager of the Water Treatment Council and deputy manager of the Water Board of the Regional Government, general manager of Public Works of the Regional Government of Galicia and chairman of the Water Board of Galicia, chairman of the Entity Managing Railway Infrastructures, adhered to the Ministry of Development and responsible for executing the entire High Speed railway infrastructure, and Chiarman of Puertos de Galicia. He currently works as a freelance civil engineer.
Ms. CATALINA MIÑARRO BRUGAROLAS	Born in Madrid in 1963. She holds a degree in Law awarded in 1986 by the Complutense University of Madrid, and she passed the examination to become a State Counsel in 1989. Currently on extended leave of absence, she served as State Counsel at the National High Court and at the Court of Auditors, in the Directorate General of the Treasury and Finance Policy, as Secretary to the Madrid Regional Financial and Administrative Tribunal, as State Counsel in the Ministry of Health and Consumer Affairs, and as State Counsel at the Madrid High Court of Justice. She has also served as Technical General Secretary to the Office of the Presidency of the Autonomous Community of Madrid, Chief Legal Officer of the State holding company Sociedad Estatal de Participaciones Estatales, Secretary to the Board of Sociedad Estatal de Transición al Euro, Secretary of the Board of Saeta Yield and a Director of Autoestradas de Galicia, S.A. Currently, she is an independent Board member of Mapfre, S.A.
Mr. JOSÉ ELADIO SECO DOMÍNGUEZ	Born in Veguellina de Órbigo, León in 1947. He graduated as a Civil Engineer from the Escuela Superior de ICCP de Madrid [Madrid School of Engineering], specializing in Transportation, Ports and Town Planning. He began his professional career in 1972 in the public engineering company INECO, where he held various positions until he became International Director. In 1988 he joined RENFE, where he held various positions and in 2000 he was appointed Executive Chair of INECO until 2002, when he was appointed Chair and General Manager of AENA, a position he held until 2004 when he was appointed Advisor to the Office of the Presidency of RENFE. He has also acted as an advisor to OCA, S.A., Prointec, Collosa, Incosa, National Express-Alsa and Menzies Aviation, and has been Chair of the Spanish consortium for the concession and operation of the Río de Janeiro-São Paulo-Campinas (Brazil) high-speed railroad.

Total number of independent Board members	6
Total % of the Board	40.00 %

Comments

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

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

Name or company name of board member	Description of the relationship	Reasoned statement
N/A		

OTHER EXTERNAL BOARD MEMBERS

Identify the other external board members and indicate the reasons why they cannot be considered proprietary or independent and their relations, either to the company, its management or its shareholders:

Name or Company name of the board member	Reasons	Company, executive or shareholder to which member is related	Profile
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	Mr. Pedro López Jiménez went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	Born in Málaga in 1942. Civil Engineer (graduated in 1965). Partial studies in Journalism and Social Sciences at the Instituto Social León XIII (1960-62) (ACNPD Scholarship). Programme in Senior Business Administration (PADE) at the IESE Business School (1995/96). Awarded the Grand Cross of the Order of Isabel la Católica. Director of Construcción Centrales Térmicas Hidroeléctrica Española (1965/70); Board member and General Manager of Empresarios Agrupados; Board member of GHESA; Deputy-Secretary of MOPU, Director General of the Port Authority; Board member of UE and Enher; Board member of INI (1978/79); Chair of Endesa (1979/82); Board member of Atlas Copco, Semi, Tecmed, Continental Auto, Vias y Construcciones, Enamsa, Tractebel España, Hilatura de Portolin; Chair of Union Fenosa; Vice-President of Indra; Board member of CEPSA; Board member of Lingotes Especiales; Chair and Board member of GTCEISU Construcción S.A. (TERRATEST Group); Board member of ENCE; Board member of Keller Group, plc.; and Member of the Board of the University of Alcalá de Henares. Currently Director, Vice-Chairman of the Executive Committee and Member of the Nominations Committee of ACS, Chairman of Dragados S.A.; Chairman of ACS Servicios y Concesiones, S.A.; Chairman of the Supervisory Board, of the Human Resources Committee, and of the Nominations Committee of HOCHTIEF; Member of the Board, of the Remuneration and Nominations Committee, and of the Ethics, Compliance and Sustainability Committee of CIMIC. Director and member of the Audit and Control Committee and of the Nominations and Remuneration Committee of Abertis Infraestructuras, S.A. and Director of Abertis Holdco, S.A.; Member of the Board of Trustees and the Executive Board of the Museo Picasso, Málaga; Deputy Chair of the Board of Trustees of the Royal National Library of Spain; Deputy Chair of Real Madrid Football Club.
Mr. MIGUEL ROCA JUNYENT	Mr. Miguel Roca Junyent went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	Born in 1940 in Cauderan, France. Degree in Law from the University of Barcelona. Doctor Honoris Causa from the Correspondence University and the Universities of León, Girona and Cádiz, the European University of Madrid and the Pontifical University of Comillas, President of the Societat Econòmica Barcelonesa d'Amics del País. Life Sponsor of the Gala-Salvador Dalí Foundation. Founding Trustee of the Pro-Academy Foundation of the Royal Academy of Jurisprudence and Legislation. He has been a Member of the Board of the ACS Group since 2003. Director of Endesa (2009-21). He is currently Director of Aguas de Barcelona, non-director Secretary of the Board of Abertis Infraestructuras, non-director Secretary of the Board of Banco de Sabadell, non-director Secretary of TYPSA, non-director Secretary of WERFENLIFE and Customer Ombudsman of Grupo Catalana Occidente.

Total number of external Board members	2
Total % of the Board	13.33 %

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

Name or company name of the Board member	Date of Change	Previous category	Current category

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

	Number of women Board members				% of total Board members of each category			
	2022	2021	2020	2019	2022	2021	2020	2019
Executive	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Proprietary	1	1	1	1	33,33%	33,33%	33,33%	33,33%
Independent	3	2	2	2	50,00%	40,00%	40,00%	40,00%
Other External	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Total:	**4**	**3**	**3**	**3**	**26,67%**	**20,00%**	**18,75%**	**17,65%**

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

Yes	No	Partial Policies
X		

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

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

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

In this regard, the Diversity Policy of ACS and its Group, which remained in force in 2022, defines its objectives and commitments in the area of diversity, specifically including promoting the integration of people with diverse profiles in all business areas and levels of the Group; identification of talent in the hiring, promotion and incorporation processes within the Group; selection of professionals with alternative skills; generational diversity in the teams, encouraging collaboration between older and younger professionals; integration and inclusion of vulnerable groups; promotion of implementation of systems to measure progress in diversity; communication and extension of the commitment to diversity to all employees, suppliers, customers, administrations, social agents and other stakeholders; and the maintenance of neutral and inclusive language in internal and external communications. All of this is in line with ACS's Code of Conduct and Sustainability Policy.

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

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

As in previous years, ACS's Board has also maintained, with the support and collaboration of the Nominations Committee, a policy for nominating and re-electing board members based on coordinating the principles of representativeness with those of diversity and independence, taking into account Spanish and international good governance recommendations, and in this respect, particularly in nominations, ratifications and re-elections, ensuring the appropriate stability in the composition of the Board and its Committees so as to maintain the necessary suitability of the Board as a whole, preserving the experience and knowledge of those who have been serving as directors. In this regard and, in particular in relation to the application of diversity policies and measures in relation to ACS's Board, it should be noted that in 2022 two directors resigned during the month of March and, in their place, a female director and a male director were appointed at the Ordinary General Meeting held on 6 May 2022, thus improving the gender balance among the directors.

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

Explanation of the measures

Article 3.2 of the ACS's Rules of the Board of Directors expressly establish that the Board must ensure that the procedures for selecting its members favour diversity with respect to matters such as age, gender, disability, professional training and experience, and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of female directors in a number that allows a balanced presence of women and men, The Nominations Committee is responsible for proposing to the Board 'the policy on diversity on the basis of, among others, the criteria of age, disability, training, professional experience and gender, establishing the objectives in this respect'. In the Code of Conduct, the ACS Group expressly stipulates that 'we openly reject discrimination for any reason, and especially discrimination based on gender, and on the basis of age, religion, race, sexual orientation, nationality or disability'.

In this regard, the Nominations Committee promotes gender balance on the Board and, in particular, favours including women among potential candidates, ensuring that they meet the appropriate professional profile and objective criteria of merit and ability, as evidenced by the proposal to include an additional female director.

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

Explanation of the reasons

As stated above, the selection procedures for board members seek to facilitate the selection of female directors in a number that allows for a balanced presence of women and men, and in this regard, the

Nominations Committee takes into account, among the various diversity criteria, the inclusion of women among the potential candidates when vacancies arise on the board.

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

Two appointments to the Board were made during 2022, as resolved by the Annual General Meeting held on 6 May 2022. For this purpose, before being appointed by the General Meeting and within the overall framework of the aforementioned suitability and diversity criteria, the candidates were selected on the basis of a comparative assessment of their qualifications, with clear criteria, formulated in a neutral and unambiguous manner, and in a non-discriminatory manner. In this respect, in line with the criteria governing the ACS Group's selection procedures, both the objective of promoting a more balanced gender presence on the Board and the training, capacity and professional experience of the candidates were taken into consideration in filling the vacancies.

In particular, the appointment of the current Chief Executive Officer must be related to the training, knowledge and experience he has acquired over the course of his career and, especially, to his extensive professional experience within the ACS Group, since he joined Dragados, S.A. as a civil engineer in 2002. In this regard, based on objective criteria of merit and ability, the Nominations Committee, firstly, and the Board subsequently, highlighted the suitability of the candidate due to the experience, competence and merits he demonstrated for the post of Executive Director during his professional career within the ACS Group and, in particular, his experience in management, leadership and business strategy, with all of these factors making appointing the candidate advisable.

As regards senior management, the percentage of female directors out of the total number of members of senior management currently stands at 12.5%, applying the various diversity criteria referred to above.

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

As explained in the previous sections, ACS is committed to promoting diversity, taking into account, among other aspects or criteria, age, gender, training, capacity and professional experience. In this respect, the Board relies on the Nominations Committee to achieve an appropriate composition of the Board, and this Committee ensures compliance with the Diversity Policy. In this respect, it is considered that the current composition of the Board as a whole is adequate for the best performance of its duties, having taken into account the different requirements of suitability and diversity, without prejudice to the fact that through the selection procedures the balanced presence of gender in the composition of the Board will continue to be promoted.

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

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

Yes	No
	X

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

Director or committee name	Brief description
Mr. FLORENTINO PÉREZ RODRÍGUEZ	ALL POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE DELEGATED
EXECUTIVE COMMITTEE	ALL POWERS THAT CORRESPOND TO THE BOARD EXCEPT FOR THOSE THAT, BY LAW OR UNDER THE COMPANY BY-LAWS, ARE NON-DELEGABLE
Mr. JUAN SANTAMARÍA CASES	ALL POWERS THAT CORRESPOND TO THE BOARD EXCEPT THOSE THAT ARE NON-DELEGABLE AND THAT OF PROVIDING SURETIES AND ANY TYPE OF GUARANTEES FOR THE BENEFIT OF THIRD PARTIES

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

Director name	Group company name	Position	Executive functions?
Mr. ANTONIO GARCÍA FERRER	DRAGADOS, S.A.	BOARD MEMBER	NO
Mr. ANTONIO GARCÍA FERRER	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	HOCHTIEF AG	MEMBER OF THE SUPERVISORY BOARD	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	DRAGADOS, S.A.	BOARD MEMBER/ SECRETARY	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	CIMIC GROUP LIMITED	BOARD MEMBER	NO
Mr. JOSÉ LUIS DEL VALLE PÉREZ	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER/ SECRETARY	NO
Mr. JAVIER ECHENIQUE LANDIRÍBAR	DRAGADOS, S.A.	BOARD MEMBER	NO
Mr. MARIANO HERNÁNDEZ HERREROS	DRAGADOS, S.A.	BOARD MEMBER	NO
Mr. MARIANO HERNÁNDEZ HERREROS	ACS SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER	NO
Ms. MARIA SOLEDAD PÉREZ RODRÍGUEZ	ACS SERVICIOS Y CONCESIONES, S.L..	BOARD MEMBER	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	HOCHTIEF AG	CHAIRMAN OF THE SUPERVISORY BOARD, OF THE HUMAN RESOURCES COMMITTEE AND OF THE NOMINATIONS COMMITTEE	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	DRAGADOS, S.A.	CHAIR	NO

Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	CIMIC GROUP LIMITED	BOARD MEMBER. MEMBER OF THE REMUNERATION AND NOMINATIONS COMMITTEE AND THE ETHICS, COMPLIANCE AND SUSTAINABILITY COMMITTEE	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ABERTIS INFRAESTRUCTURAS, S.A.	BOARD MEMBER. DIRECTOR AND MEMBER OF THE AUDIT AND CONTROL COMMITTEE AND OF THE NOMINATIONS AND REMUNERATION COMMITTEE	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ABERTIS HOLDCO, S.A.	BOARD MEMBER	NO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	ACS SERVICIOS Y CONCESIONES, S.L.	CHAIR	NO
Mr. JUAN SANTAMARÍA CASES	HOCHTIEF AG	CEO	YES
Mr. JUAN SANTAMARÍA CASES	THE TURNER CORPORATION	BOARD MEMBER	NO
Mr. JUAN SANTAMARÍA CASES	CIMIC GROUP LIMITED	EXECUTIVE CHAIR	YES
Mr. JUAN SANTAMARÍA CASES	THIESS GROUP FINANCE PTY LTD	BOARD MEMBER	NO
Mr. JUAN SANTAMARÍA CASES	THIESS GROUP HOLDINGS PTY LTD	BOARD MEMBER	NO
Mr. JUAN SANTAMARÍA CASES	THIESS GROUP FINANCE USA PTY LTD	BOARD MEMBER	NO

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

Identification of the director or representative	Name of the company, listed or not	Position
Ms. CATALINA MIÑARRO BRUGAROLAS	MAPFRE, S.A.	BOARD MEMBER
Ms. CATALINA MIÑARRO BRUGAROLAS	MAPFRE ESPAÑA	BOARD MEMBER
Ms. CATALINA MIÑARRO BRUGAROLAS	MAPFRE INTERNACIONAL	BOARD MEMBER
Ms. CARMEN FERNÁNDEZ ROZADO	EDP (ENERGÍAS DE PORTUGAL) EN LISBOA	BOARD MEMBER
Ms. MARÍA JOSÉ GARCÍA BEATO	BANCO DE SABADELL, S.A.	BOARD MEMBER

Ms. MARÍA JOSÉ GARCÍA BEATO	IBERPAPEL GESTIÓN, S.A.	BOARD MEMBER
Ms. MARÍA JOSÉ GARCÍA BEATO	MdF FAMILY PARTNERS, S.A.	BOARD MEMBER
Mr. JAVIER ECHENIQUE LANDIRÍBAR	TELEFONICA, S.A.	DEPUTY CHAIR
Mr. JAVIER ECHENIQUE LANDIRÍBAR	TELEFÓNICA AUDIOVISUAL DIGITAL, S.A.U.	BOARD MEMBER
Mr. JAVIER ECHENIQUE LANDIRÍBAR	GRUPO CALCINOR	BOARD MEMBER
Mr. MIGUEL ROCA JUNYENT	AIGUES DE BARCELONA	BOARD MEMBER
Mr. FLORENTINO PÉREZ RODRÍGUEZ	ROSAN INVERSIONES, S.L.	SOLE DIRECTOR
Mr. FLORENTINO PÉREZ RODRÍGUEZ	INVERPE, S.L.	SOLE DIRECTOR
Mr. FLORENTINO PÉREZ RODRÍGUEZ	HISPAVESAN, S.L.	SOLE DIRECTOR
Mr. JOSÉ LUIS DEL VALLE PÉREZ	DEL VALLE INVERSIONES, S.A.	JOINT AND SEVERAL DIRECTOR
Mr. JOSÉ LUIS DEL VALLE PÉREZ	SAGITAL, S.A.	JOINT AND SEVERAL DIRECTOR
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FLAGOSER, S.L.	CHAIRMAN AND CEO
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FIDALSER, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FAPIN MOBI, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	CENTRO EMPRESARIAL CALLE MIGUEL YUSTE, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	LOCYXX DOS, S.L.	SOLE DIRECTOR
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FIDALRENT, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FIDALRENT SKY PARK, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	FIDALRENT RESIDENCIAL, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	RESIDENCIAL TRES CANTOS, S.L.	DIRECTOR REPRESENTATIVE
Mr. PEDRO JOSÉ LÓPEZ JIMÉNEZ	MAF INVERSIONES, S.A.	DIRECTOR REPRESENTATIVE

Comments

The following positions are remunerated: (i) Catalina Miñarro Brugarolas: Director of Mapfre, S.A., Director of Mapfre Spain and Director of Mapfre Internacional; (ii) Carmen Fernández Rozado: Director of Energías de Portugal (EDP); (iii) María José García Beato: Director of Banco de Sabadell, S.A. Director of Iberpapel Gestión, S.A.; (iv) Javier Echenique Landiríbal: Director of Telefónica, S.A., Director of Telefónica Audiovisual Digital, S.A.U. and Director of the Calcinor Group; (v) Miquel Roca Junyent: Director of Aigües de Barcelona; (vi) Florentino Pérez Rodríguez: Sole Director of Rosán Inversiones, S.L.; (vii) Pedro López Jiménez: Chairman and Chief Executive Officer of Flagoser, S.L. and Individual representative of the Sole Director of Fidalser, S.L. (Flagoser, S.L.).

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

Identification of the director or representative	Other remunerated activities
Mr. EMILIO GARCÍA GALLEGO	FREELANCE CIVIL ENGINEERING
Mr. MIGUEL ROCA I JUNYENT	SECRETARY GENERAL AND MEMBER OF THE BOARD OF DIRECTORS OF TÉCNICA Y PROYECTOS, S.A.
Mr. MIGUEL ROCA I JUNYENT	SECRETARY GENERAL AND MEMBER OF THE BOARD OF DIRECTORS OF WERFENLIFE
Mr. MIGUEL ROCA I JUNYENT	PRACTISING ATTORNEY
Mr. MIGUEL ROCA I JUNYENT	SECRETARY GENERAL AND MEMBER OF THE BOARD OF DIRECTORS OF BANCO DE SABADELL
Mr. MIGUEL ROCA I JUNYENT	SECRETARY GENERAL AND MEMBER OF THE BOARD OF DIRECTORS OF ABERTIS INFRAESTRUCTURAS, S.A.
Mr. JAVIER ECHENIQUE LANDIRÍBAR	MEMBER OF THE ADVISORY BOARD OF TELEFÓNICA DE ESPAÑA
Mr. JAVIER ECHENIQUE LANDIRÍBAR	MEMBER OF THE BOARD OF McKINSEY ADVISORY COUNCIL
Mr. JAVIER ECHENIQUE LANDIRÍBAR	CHAIRMAN OF THE ADVISORY BOARD OF BANCO SABADELL GUIPUZCOANO
Ms. MARÍA JOSÉ GARCÍA BEATO	PRACTISING LAWYER
Mr. MARIANO HERNÁNDEZ HERREROS	PRIVATE MEDICAL PRACTICE

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

Yes	No
	X

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

Remuneration accrued by the Board in the year (thousands of euros)	19,652

Amount of funds accumulated by current directors under long-term savings schemes with consolidated economic rights (thousand euros)	64,926
Amount of funds accumulated by current directors under long-term savings schemes with unconsolidated economic rights (thousand euros)	0
Value of the pension rights accumulated by former directors under long-term savings schemes (thousands of euros)	13,444

Comments

C.1.14 Identify the senior executives who are not executive directors and indicate the total remuneration paid to them during the year:

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

Number of women in senior management positions	3
Percentage of total senior executives	12,5%

Total Senior Executive remuneration (thousand euros)	22,952

Comments

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

Yes	No
	x

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

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

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

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

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

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

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

Description of amendments
Pursuant to Article 9 of the Rules of the Board of Directors, ACS's Board evaluates its functioning on an annual basis. An external advisor assisted in the self-assessment process of the Board conducted in 2023 with respect to the year 2022, which included questionnaires and personal interviews with Board members. The self-assessment process concluded that the size of the Board remains ample, although it has been progressively reduced in recent years. The size of the Board does not hinder decision-making, as intensive preparatory work is carried out in the Executive Committee and in the Audit Committee. In this respect, the directors believe the Board has an adequate composition in view of the ACS Group's decentralised governance model. Likewise, and in relation to the functioning of the Board and its Committees, the perception of the directors is very positive, with all of them highlighting the progress that has taken place in recent years. In particular, the directors highlighted the improvement in aspects such as access to information and, especially, regular compliance training. There was unanimous recognition of the efficiency of the Board promoted by its Chairman and, especially, the work of the Secretary of the Board, with all Board members highlighting the availability of the executive directors and top managers to deal with doubts or questions of various kinds and, in particular, the availability and closeness of the new Chief Executive Officer. Lastly, the 2022 assessment highlighted the Board's work on carrying out the actions set out in the work plan resulting from the previous year's self-assessment, proposing specific actions to be performed in 2023.

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

Description of the evaluation process and areas evaluated
The Board carries out an annual self-assessment of its functioning and that of its Committees (Executive Committee, Audit Committee, Remuneration Committee and Nominations Committee) consisting of each of the directors filling out a personalised self-assessment questionnaire, a review of the relevant corporate documentation for the purposes of the assessment, and personal interviews with each of the members of the Board to analyse the most significant results of the questionnaires, the evolution in their perception of the Board and its Committees during the year under evaluation, the degree of compliance with the action plan resulting from the previous year's assessment, and any areas of improvement that they identified to improve the functioning of the Board and its Committees. As noted above, an external advisor assisted in the self-assessment process of the Board conducted in 2023 with respect to 2022. Among other issues, the composition of the Board and its Committees, its organisation and functioning, and the performance of responsibilities by the Board and its Committees and by the Chair of the Board, the Chief Executive Officer and the Secretary General Director were assessed, and the evolution of performance compared to that obtained in the previous year's self-assessment. As a result of the results obtained in the self-assessment process, a work plan was developed to make further progress in certain areas identified by the directors. With regard to the Executive Committee, the self-assessment process noted the effectiveness with which the Committee has carried out its duties, adopting its decisions after a process of debate and analysis, and the ability of Committee members to participate in setting the agenda. In relation to the Audit Committee, the self-assessment process concluded that the Committee is very active and the general perception is that its meetings and functioning are carried out appropriately. It also highlighted the importance of the participation of its members in setting the agenda for the meetings and the

possibility of having the support of external advisors aside from the members for the better performance of its functions. It is also noted that the Committee has paid special attention to its direct dialogue with the senior management of the Company, with the regular and continuous dialogue between the Chairman of the Committee and the main executives of the ACS Group and, in particular, with the head of the internal audit area, playing an essential role in this respect.

With regard to the Remuneration Committee, the self-assessment process highlighted the importance of the presentations made by the Chairman of the Committee to the Board to report on the activity and matters dealt with by the Committee, the multi-year remuneration plans and the importance of providing complementary training and support from external advisors for the better performance of its functions.

With regard to the Nominations Committee, in the self-assessment process for 2022, the importance of additional training and the support of external advisors for its members to better perform their duties was highlighted, in accordance with article 27 (9) and (10) of the Rules of the Board of Directors.

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

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

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

Under Article 13 of the Rules of the Board of Directors, proprietary board members must resign from the Board when the shareholder they represent fully disposes of its shares by any title.

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

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

Yes	No
	X

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

Yes	No
	X

C.1.22 Indicate whether the By-Laws or the Rules of the Board of Directors set any age limit for Board members:

Yes	No
	X

C.1.23 Indicate if the By-Laws or the Rules of the Board of Directors establish a limited term of office or other additional requirements stricter than legal requirements for independent board members, aside from what is laid down in the regulations:

Yes	No
	X

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

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

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

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

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

Number of meetings	0

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

Number of executive committee meetings	11
Number of audit committee meetings	6
Number of nominations committee meetings	4
Number of remuneration committee meetings	3

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

Number of meetings attended by at least 80% of the directors	8
In person attendance as a % of the total votes during the year	98.53
Number of meetings attended by all directors in person or by proxy with specific instructions	6
% of votes cast in person and proxies issued with specific instructions, out of the total votes cast during the year	98.53

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

Yes	No
X	

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

Name	Position
ÁNGEL MANUEL GARCÍA ALTOZANO	DIRECTOR GENERAL CORPORATIVO

C.1.28 Explain the mechanisms, if any, established by the Board to ensure that the annual accounts submitted by the Board to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

As required under Article 25 of the Rules of the Board of Directors, Audit Committee meetings are held at the beginning and end of the audit of the Company's and the Group's individual and consolidated financial statements, and before the issue of the pertinent audit reports. The Committee also meets on the occasion of the preparation of the mandatory financial information which the Company is required to publish.

The Company's Auditor attends the Audit Committee meetings when expressly convened to present the most significant aspects of the audits carried out, and the external auditor also attends, which also allows the Committee to verify sufficiently in advance the existence of differences of criteria between the Company's and its Group of Companies' accounting policies and the interpretation of their Auditor.

In addition, the functions of the Audit Committee include:

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

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

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

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

C.1.29 Is the Secretary of the Board a Board Member?

Yes	No
X	

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

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

Regarding the auditor, Article 25 of the Rules of the Board of Directors expressly stipulates that the Audit Committee's duties include establishing the appropriate relationships with the external auditor for the purpose of receiving information on any matter which may jeopardize the respective independence, for the examination of the Committee, and any other matters relating to the development process of the financial auditing, and when applicable authorise the services other than those which are prohibited, under the terms provided for in the applicable regulations, in addition to any other notification provided for under Spanish laws regarding financial auditing and technical auditing standards. In any case, it must receive a statement from the external auditors each year attesting to their independence in relation to the entity or entities directly or indirectly related to it, and detailed and individualised information on the additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it in accordance with auditing legislation.

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

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

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

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

Yes	No
	X

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

Yes	No
X	

	Society	Companies of the Group	Total
Amount of other non-audit work (thousands of euros)	498	1,154	1,652
Amount of other non-audit work/ Audit services amount (as a %)	138.3%	14.2%	19.4%

Comments

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

Yes	No
	X

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

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

	Separate	Consolidated
Number of uninterrupted years	4	4

	Separate	Consolidated
Number of years audited by current auditing firm /Number of years that the company or its group has been audited (as a %)	12,12%	12,12%

Comments

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

Yes	No
X	

Detail of procedure

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

Without prejudice to the above right to information, directors also have the right to seek external advice when they deem it necessary for the proper performance of their duties, as expressly contemplated in the Rules of the Board of Directors with respect to the members of the Board Committees (Articles 25, 27 and 28 of the Rules of the Board of Directors), which should be understood to be generally applicable to all members of the Board in relation to the exercise of their functions. Requests not only for information but also for external advice from directors will be channelled through the Secretary of the Board.

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

Yes	No
X	

Explanation of rules

Articles 14 and 15 of the Rules of the Board of Directors regulate the general duties of care and loyalty of directors in exercising the functions inherent to their position. In particular, Article 14.2 (f) of the Rules of the Board of Directors requires Board members to report, and if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, any criminal proceedings in which they are under investigation, and of their procedural developments. After having been informed or otherwise learned of the matter, the Board will examine the case as soon as possible and, having regard to the specific circumstances, will decide, following a report from the Nominations Committee, whether to take any action, such as opening an internal investigation, requesting the resignation of the Director or proposing the Director's removal. This must be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes, without prejudice to the information that the Company must disclose, if appropriate, at the time the corresponding measures are adopted. Likewise, article 14.2 (e) establishes that directors must adopt the necessary measures to avoid incurring in situations in which their interests may conflict with the corporate interest and their duties to the Company.

In line with the above, article 15.3 of the Rules of the Board of Directors specifies the obligation of directors to notify the Board of any situation of direct or indirect conflict that they or persons related to them may have with the Company’s interests.

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

Yes	No
	X

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

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

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

The General Meeting will be deemed to have been informed of clauses to the extent that they are mentioned in the Annual Remuneration Report submitted for approval at the Ordinary General Shareholders' Meeting on a consultative basis. The directors, both executive and non-executive, do not have a right to compensation in the event of termination of their functions as directors.

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

	Board	General Meeting
Body authorising the clauses	X	

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

Comments

C.2 Committees of the Board

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

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

% executive directors	50%
% Proprietary Board Members	16.,67%
% Independent Board Members	16.67%
% Other External Board Members	16.67%

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

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

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

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

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

In 2022, the Executive Committee met 11 times, analysing the Company's financial information exhaustively, and it made decisions in the different areas of its competence, particularly in relation to the Goals and Strategies to be followed in its business.

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

% executive directors	–
% Proprietary Board Members	20%
% Independent Board Members	80%
% Other External Board Members	–

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

The Audit Committee has the following functions:

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

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

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

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

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

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

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

f. To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve, or propose the board approve, its orientation and annual internal audit plan, ensuring that activities are directed principally towards key risks for the company (including reputational risks); receive regular information on internal activities; ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration; and to conduct an annual review of the functioning of the internal audit unit and the performance of its functions by its head.

g. To establish and supervise a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to confidentially report any potentially significant irregularities, including financial, accounting or any other irregularities related to the Company that they notice within the Company or its group, receiving regular information on its operation and being able to propose appropriate actions for its improvement and the reduction of risk in the future.

As pertains to the oversight of risk management and control:

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

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

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

In relation to the external auditor:

k. To submit proposals to the Board for the selection, appointment, re-election and replacement of the external auditor, being responsible for the selection process, and the terms and conditions of its engagement, and to this end it must:

1. define the process for selection of the auditor; and

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

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

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

In any case, it must receive a statement from the external auditors each year attesting to their independence in relation to the entity or entities directly or indirectly related to it, and detailed and individualised information on the additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it in accordance with auditing legislation.

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

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

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

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

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

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

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

Other duties:

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

u. To report to the Board on all matters where so required by Law, the By-Laws and the Rules of the Board of Directors, in particular with regard to:

1. the financial conditions, accounting impact and, as the case may be, exchange equation concerning transactions involving structural and corporate changes that the Company plans to carry out; and

2. the creation or acquisition of investments in special purpose vehicles registered in countries or territories listed as tax havens.

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

– Supervision of compliance with corporate governance rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

– Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and relates to small and medium-sized shareholders will also be monitored.

– Regular evaluation of the suitability of the Company's system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.

– Supervision to ensure that the Company's environmental and social practices comply with the defined strategy and policy.

– Supervision and evaluation of processes affecting different stakeholder groups.

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

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

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

In 2022, the Audit Committee met six times and carried out, amongst others, the following functions within the scope of its duties:

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

In relation to periodic financial reporting, although Law 5/2021 repealed section 120 of the Securities Market Act and, therefore, the obligation of securities issuers to send the CNMV and publish quarterly financial reports, the Company continues to prepare them, and in this regard, before it was submitted, the Audit Committee supervised the financial information sent quarterly to the CNMV and made public as 'Other Relevant Information'.

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

In particular, in the framework of this function, the Audit Committee, at its meetings on 24 February and 24 March 2022, with the active presence of the external auditors and that of the Corporate General Manager, examined the individual and consolidated financial statements for 2021 and, considering the information provided by the external auditors, issued a favourable report on those financial statements.

In relation to the non-financial information for 2021, in its meeting of 24 March 2022, the Committee examined the non-financial information included in the 2021 Directors Report.

Also, in regards to the individual and consolidated financial statements for the first quarter and the first half of 2022, the Audit Committee in its meetings held on May 12 and July 28, with the presence of the external auditors and the Corporate General Manager, proceeded to examine those statements and reported favourably. In turn, at the meeting of November 10, the Audit Committee examined and issued a favourable opinion on the individual and consolidated financial statements for the period ended on 30 September 2022.

b) In relation to risk management and controls.

To respond to the need for global and homogeneous risk management, the Company has established a risk management model which includes the identification, assessment, classification, evaluation, processing and monitoring of risks at the Group level and that of the operational Divisions. When these risks have been identified, a risk schedule is prepared which is updated regularly based on the different variables involved and the types of activities in which the Group is involved, assessing them on the basis of the respective impact and the probability of occurrence. In particular, the Audit Committee, at its meeting on 15 December, reported favourably on the updating of the Group's Risk Map.

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

Based on the foregoing, during the 2022 period, the Audit Committee oversaw the effectiveness of the internal controls of the Company, of the Internal Audit and the risk management systems, identifying and analysing the risks and monitoring the financial and non-financial indicators of the main companies of each of the business areas. Accordingly, the Director of Compliance informed the Committee about the conclusions of the Risk Report by Compliance areas in all ACS divisions as at 30 June 2022.

At its meeting held on 24 March, the Audit Committee also approved the 2021 tax memorandum submitted by the Director of the Company's Tax Department, prepared in accordance with the Code of Good Tax Practices, which refers to the 2021 tax expense and the ACS Group's tax situation.

Likewise, at the meeting held on 15 December 2022, the Director of the Tax Department presented the 2021 Tax Transparency Report to the Committee.

c) In relation to the Internal Audit.

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

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

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

In this regard, at the meetings of the Audit Committee held on 24 February and 24 March 2022, the Corporate Internal Audit Department, within the framework of its duties, presented the Audit Committee the 2021 Internal Audit Activities Report and the 2022 Internal Audit Plan.

In addition, at its meetings of 24 February, 24 March, 12 May and 10 November 2022, the Corporate Internal Audit Department presented the Audit Committee a summary of the reports and the status of internal audits of the various business areas, including the conclusions of all the internal audits.

d) In relation to the External Auditor.

In compliance with its duties in relation to the external auditor, the Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year prior to their approval, and prior to the meeting held by the Board to prepare both the full annual individual financial statements of the parent, and those of the Consolidated Group. In this respect, with the presence of the external auditor, the main characteristics of these accounts were reported on at the meetings held on 24 February, 24 March, 12 May and 28 July.

In addition, at the meeting of 15 December, the external auditor presented the list of other audit work carried out during 2022, which was approved by the Committee.

Moreover, at the meeting of 15 December, the external auditor presented the 2022 Audit and Strategy Plan. At the meeting held on 10 November, the Corporate General Manager presented the timetable for selecting the next external auditor, which was approved by the Committee.

In compliance with the exercise of its duties, in 2022 the Audit Committee ensured the independence of the external auditor in the performance of its duties, having established the appropriate relations with it to ensure that it is not subject to grounds for incompatibility or abstention, and prohibitions, and that it has adequately identified and assessed any threat to its independence, applying, where appropriate, the appropriate safeguard measures.

Within the framework of Article 25 of the Rules of the Board of Directors, at the meeting of the Audit Committee on 24 March 2022, the external auditor of the Company informed the Audit Committee of its statement of independence.

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

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

Within the framework of the Audit Committee's function of supervising and monitoring the ACS Group's Compliance System, the Committee reported favourably at its meeting of 24 March on the Annual Monitoring Report of the Compliance Committee and at its meeting of 28 July 2022, it resolved to take note of the second quarter 2022 report on the activities of the Compliance Committee.

At the meeting held on 28 July 2022, the Compliance Director presented the quarterly Compliance Report to the Committee and the proposed resolutions adopted by the Committee for submission to the Board were submitted for its approval.

In this regard, the Compliance Director coordinated, on the basis of the Proposal for the European Directive on Corporate Due Diligence in Sustainability, the certifiable standard ISO 37301:2021 on Compliance Management Systems, the 'Global Compliance Report', the expectations of stakeholders reflected in the new Dow Jones SI questionnaire, the certifiable standard UNE 19602: 2019 on Tax Compliance Management Systems, the modification of 11 regulations with the rank of Policy, 10 Procedures (among others, the Human Rights Policy, the Corporate Due Diligence Protocol on Human Rights, the Sustainability Policy, the Code of Conduct for Business Partners and the Environmental Policy), and the drafting of 2 new Policies (the General Compliance Policy and the Occupational Health and Safety Policy).

In 2022, the Committee supervised the ACS Group's Governance System, in particular, the Global Compliance Management System, reporting on it in section 5.4 ('Regulatory Compliance') of the Consolidated Statement of Non-Financial Information, included in the Consolidated Directors' Report.

At its meeting of 15 December 2022, the Committee also reported favourably on the Compliance Committee's 2023 proposal.

Within the framework of the supervision of compliance with the Company's corporate governance rules and internal codes of conduct, at its meeting of 24 March 2022 the Audit Committee reviewed and unanimously resolved to report favourably on the 2021 Annual Corporate Governance Report.

In turn, at its meeting of 15 December 2022, the Committee issued a report in relation to the evaluation and periodic review of the corporate governance system, in which it concluded that in 2022 the Company complied with the principles, obligations and procedures set out in its internal regulations on corporate governance and in its codes of conduct, without any other relevant aspect in their application coming to light.

In relation to sustainability, the respective Sustainability Monitoring Reports of the ACS Group were submitted to the Committee at its meetings held on 12 May, 28 July and 15 December 2022.

f) In relation to other functions of the Committee.

Article 9 of the Rules of the Board of Directors establishes that the Board must perform an annual evaluation of the functioning of its Committees based on the reports they submit to the Board. To this end at its meeting of 24 March, the Committee reported favourably on the Report on the Committee's activities in 2021.

At its meeting of 15 December 2022, the Committee agreed to issue a favourable opinion on the proposed delegation in relation to the second implementation of the flexible dividend authorised by the General Meeting held on 6 May 2022.

Identify the board members appointed to a seat on the audit committee in view of his/her knowledge and expertise in accounting and audit matters, and indicate the date the committee's chairman was appointed to the position.

Name of directors with experience	Ms. CARMEN FERNÁNDEZ ROZADO, Ms. CATALINA MIÑARRO BRUGAROLAS AND Mr. JOSÉ ELADIO SECO DOMÍNGUEZ
Date of chair's appointment to position	31/3/2021

Nominations Committee

Name	Position	Category
Ms. CATALINA MIÑARRO BRUGAROLAS	CHAIR	Independent
Mr. JAVIER ECHENIQUE LANDIRÍBAR	BOARD MEMBER	Proprietary
Ms. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent
Ms. MARÍA JOSÉ GARCÍA BEATO	BOARD MEMBER	Independent
Mr. MARIANO HERNÁNDEZ HERREROS	BOARD MEMBER	Proprietary
Mr. PEDRO JOSÉ LÓPEZ JÍMENEZ	BOARD MEMBER	Other External

% executive directors	–
% Proprietary Board Members	33.33%
% Independent Board Members	50%
% Other External Board Members	16.67%

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

The Nominations Committee has the following functions:

In relation to the composition of the Board:

a. To evaluate the capabilities, expertise and experience required by the Board. To this end, it will define the functions and skills required of the candidates to fill each vacancy and assess the time and dedication necessary for them to perform their duties effectively, ensuring that non-executive Directors have sufficient time available to properly perform their duties.

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

b. Propose to the Board the policy on diversity on the basis of, among others, the criteria of age, disability, training, professional experience and gender, establishing the objectives in this respect.

c. Annually verify the category of board members.

In relation to selecting Directors and Senior Managers:

d. To make proposals to the Board for the appointment of independent Board Members by co-option or by approval at the Shareholders' General Meeting, as well as proposals for the re-election or removal of such Board Members by the Shareholders' General Meeting.

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

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

g. To regularly verify the criteria regarding the selection of board members.

In relation to Board positions:

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

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

j. To propose, where appropriate, the appointment of the coordinating director.

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

Other duties:

l. To lead, in coordination with the Chairman of the Board and with the collaboration, where appropriate, of the Coordinating Director, the annual evaluation of the Board regarding the functioning and composition of the Board, its Committees and the Directors of the Company.

m. To design and organise regular refresher programmes for Directors, in coordination, as necessary, with the Remuneration Committee.

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

To the extent necessary and with the natural adaptations, the provisions of the Rules of the Board of Directors relating to the functioning of the Board will apply to the functioning of the Nominations Committee.

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

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

In 2022 the Nominations Committee met four times, having taken decisions in the various areas under its competence. The Nominations Committee performed significant activities in 2022, including:

In relation to the appointment or re-election of Directors who have the status of Independent Directors, the Nominations Committee has the function of nominating them for appointment by co-option or for submission to the decision of the General Shareholders' Meeting, and proposing their re-election or removal by the General Shareholders' Meeting.

Within the framework of this proposal function, at its meeting of 24 March 2022, the Nominations Committee resolved to propose to the Board, for submission to the General Shareholders' Meeting of ACS, the appointment of María José García Beato as Independent Director.

The Committee also reported favourably to the Board on the appointment of Juan Santamaría Cases as Executive Director. In this respect, and subject to the General Meeting approving the appointment of Mr Santamaría Cases as Executive Director of the Company, the Committee reported favourably on his appointment as CEO, with delegation of all the powers corresponding to the Board except those that cannot be delegated and the power to provide guarantees and all kinds of sureties for the benefit of third parties.

Within the framework of the appointment of members of the Board of ACS Group companies, the Committee:

- Took cognizance and reported favourably, at its meeting of 24 February 2022, on the appointment of a new Chairman of the Board and Chief Executive Officer of Dragados, S.A.

- Took cognizance of and reported favourably, at its meeting of 22 June 2022, on the appointment of the new CEO of Hochtief A.G.

- At its meeting of 15 December 2022, with the abstention of the members involved in each case, it noted and reported favourably on the appointments of new members of the Board of Dragados, S.A. and ACS Servicios y Concesiones, S.A.

The Nominations Committee also reported favourably on the Company's 2021 Annual Corporate Governance Report and on the Committee's 2021 Activities Report.

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

% executive directors	_
% Proprietary Board Members	20%
% Independent Board Members	60%
% Other External Board Members	20%

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

The Remuneration Committee has the following functions:

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

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

c. To propose the individual remuneration and other contractual terms of executive Directors, and propose the basic terms of the contracts of Senior Executives in matters of remuneration, in coordination, as necessary, with the Nominations Committee, verifying that they are consistent with the remuneration policies in force.

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

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

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

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

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

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

Insofar as deemed necessary, and with the natural adaptations, the operation of the Executive Committee will be governed by the Company's By-Laws or the Rules of the Board of Directors regarding the operation of the Board.

In 2022 the Remuneration Committee met three times, having taken decisions in the different areas within its scope. Among other matters, at its meeting of 24 March 2022, the Remuneration Committee reported favourably on the 2021 Director Remuneration Report prepared in accordance with section 541 of the Corporate Enterprises Act and in the format approved by the CNMV for this purpose, and the main points of the report were explained at the meeting.

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

The Committee was also informed of the new Remuneration Policy, which will be in force from its approval by the General Meeting up to and including 2025. In this respect, the Committee proposed the new Remuneration Policy to the Board.

The Committee also proposed to the Board the remuneration and contract terms of the Company's new Chief Executive Officer.

Lastly, pursuant to Article 28.11 of the Rules of the Board of Directors, the Committee passed the 2021 Committee Activities Report for subsequent submission to the Board.

C.2.2 Complete the following table with information relating to the number of women Board Members on the Committees of the Board at the closing of the last four financial years:

	Number of women Board members							
	2022		2021		2020		2019	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	16.67%	1	20.00%	1	16.67%	0	0%
Audit Committee	3	60.00%	3	60.00%	3	60.00%	3	60.00%
Nominations Committee	3	50.00%	2	33.33%	2	33.33%	2	28.57%
Remuneration Committee	1	20.00%	1	20.00%	1	20.00%	1	20.00%

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

The Board Committees are governed by Articles 19 to 23 of the Company By-Laws and Articles 23 to 28 of the Rules of the Board of Directors. Both documents are available on the corporate website, www.grupoacs.com/gobierno-corporativo.

The Rules of the Board of Directors were not amended by the Board in 2022.

In 2022 the annual reports on the activities of the Audit, Nominations and Remuneration Committees were prepared voluntarily, which were made available to shareholders on the ACS website when the Ordinary General Shareholders' Meeting was called

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

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

Under Article 18 of the Rules of the Board of Directors, the Board is responsible for hearing and approving, following a report from the Audit Committee, any transactions that the Company or its subsidiaries carry out with directors, with shareholders holding 10% or more of the voting rights or represented on the Company's Board or with other persons considered to be connected parties in accordance with the Law ('Related-Party Transactions'), unless they must be approved by the General Meeting, all without prejudice to the exceptions established by law.

The General Meeting will approve Related-Party Transactions whose amount or value is equal to or greater than ten percent of the total assets in accordance with the latest balance sheet approved by the Company. The Board will approve the other Related-Party Transactions, and it may not delegate this competence except for Related-Party Transactions between Group companies that are carried out in the field of ordinary management and on an arm's length basis, and Related-Party Transactions that are arranged under contracts with standard terms that are applied en masse to a large number of customers, are carried out at prices or rates established in general by the person acting as supplier of the goods or service in question, and the amount of which does not exceed 0.5% of the Company's net turnover.

The Audit Committee must issue a report before approval by the General Meeting or by the Board of a Related-Party Transaction. In this report, the Committee must assess whether the transaction is fair and reasonable from the Company's point of view and, where appropriate, from that of shareholders other than the related party, and report on the assumptions on which the assessment is based and the methods used. In the case of transactions approved by delegation, the issuance of a report prior to their approval by the Audit Committee will not be mandatory, although the Board will establish an internal reporting and periodic control procedure, in which the Audit Committee will be involved and that will verify the fairness and transparency of the transactions and, where appropriate, compliance with the applicable legal requirements.

Under sections 529 vicies to 529 tervicies Corporate Enterprises Act and in accordance with article 18 of ACS's Rules of the Board of Directors, the Company's Board approved, at its meeting held on 15 December 2022, the 'Protocol of Related-Party Transactions of ACS, Actividades de Construcción y Servicios, S. A.' (the 'Protocol'), the purpose of which is to establish an internal control procedure for identifying Related-Party Transactions and to establish the system for approving and, where appropriate, disclosing them, to ensure full compliance with the legal requirements regarding related-party transactions.

Under the Protocol, identifying and assessing Related-Party Transactions before their approval is the responsibility of the Transactions Committee provided for in the Protocol, whose function is essentially to provide support to the management bodies in applying the rules on Related-Party Transactions. Specifically, the Protocol envisages a procedure comprising the following phases:

a. Proposal of the Related Transaction. The Business Unit or Area of the Company to which, by reason of the subject matter, a Related-Party Transaction is proposed, must submit the proposed Related-Party Transaction to the Transactions Committee for it to analyse as soon as possible, accompanied by the corresponding documentary evidence.

b. Analysis of the Related-Party Transaction by the Transactions Committee. Upon receipt of the proposal, the Transactions Committee will analyse it, gathering the information and, where appropriate, the reports that may be necessary to adopt, as soon as possible, one of the following decisions: (i) whether or not it is a Related-Party Transaction; and, if so (ii) whether it needs to be approved by the General Meeting or the Board, in which case it will submit the proposal together with the documentation and its report to the Audit Committee so it can issue the mandatory report before approving it; or (iii) if its approval has been delegated by the Board, in which case it will submit it to the competent body or person for approval according to the delegation resolution adopted for this purpose by the Board.

c. Approval of the Related-Party Transaction by the competent body.

d. Disclosure of the approval of the Related-Party Transaction if by law, the approval of a Related-Party Transaction must be publicly disclosed and the internal bodies of ACS competent for preparing the half-yearly financial report, the annual corporate governance report and the annual accounts must be informed.

On 15 December 2022, the Board, following a report from the Audit Committee, unanimously resolved to delegate to the Company's Chief Executive Officer to approve the Related-Party Transactions that meet the requirements that, by law and under the Rules of the Board of Directors, may be approved by delegation in accordance with the procedure established in the Protocol.

In this respect, section 5.3 of the Protocol establishes an internal reporting and periodic control procedure in relation to the approval of Related-Party Transactions by delegation, which provides that the Secretary of the Transactions Committee must submit to the Audit Committee a half-yearly report summarising the Related-Party Transactions whose approval has been delegated by the Board and that were approved during the period corresponding to the half-yearly financial reporting of ACS.

In particular, this report must include:

i. the number of Related-Party Transactions ordered by type and related party;

ii. the following information with respect to each Related-Party Transaction: nature of the Transaction, amount or consideration of the Transaction and, if applicable, market price ranges for similar transactions, the related party to which it refers and the other terms of the Transaction; and

iii. compliance, as the case may be, with the requirements established for approval by delegation of the Related-Party Transaction.

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

Name or Company name of the shareholder or any of its subsidiary companies	% Ownership interest	Name or Company name of the company or subsidiary company	Nature of the relationship	Type of transaction and other information necessary for its assessment	Amount (thousands of euros)	Body that approved it	Identification of the significant shareholder or director that had abstained	The proposal to the general meeting, if applicable, was approved by the board without a nay vote by the majority of independent directors

Comments
In 2022, no Related-Party Transactions were carried out with shareholders holding 10% or more of the voting rights or represented on the Company's Board that required approval in accordance with the rules established by Law and the Company's internal regulations on related-party transactions.

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

Name or Company name of the directors or executives or their controlled companies or under joint control	Name or Company name of the company or subsidiary company	Relationship	Nature of the transaction and other information necessary for its assessment	Amount (thousands of euros)	Body that approved it	Identification of the shareholder or director that abstained	The proposal to the general meeting, if applicable, was approved by the board without a nay vote by the majority of independent directors

Comments

In 2022 no Related-Party Transactions were carried out with the Company's directors or executives, including transactions performed with institutions that the director or manager jointly controls or controls.

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

Name of the group company	Brief description of the transaction and other necessary information to assess it	Amount (thousands of euros)

Comments

In 2022, the Company did not carry out any Related-Party Transactions with companies in its Group that are not wholly owned or in which another party related to the Company has a stake. With regard to intra-group transactions with entities established in countries or territories considered as tax havens, only the rental of an office by the English subsidiary Universal Care Services UK Ltd for EUR 38,000 on the island of Jersey should be mentioned.

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

Name of the related party	Brief description of the transaction and other necessary information to assess it	Amount (thousands of euros)

Comments

In 2022, the Company did not enter into any related-party transactions with other related parties in accordance with International Accounting Standards that require approval under the regime provided by law and the Company's corporate regulations on related-party transactions.

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

Article 15 of the Rules of the Board of Directors stipulates that the duty to prevent conflicts of interest obliges Board Members to refrain from the following:

i. Transactions with the Company, except for those that are exempt in accordance with Article 16 of the Regulations or approved in accordance with the Law and Article 18 of the Regulations in relation to Related-Party Transactions.

ii. Using the Company’s name or invoking the condition of Board Member to improperly to influence private transactions.

iii. Using corporate assets, including confidential information belonging to the Company, for private purposes.

iv. Taking advantage of the Company's business opportunities.

v. Receiving benefits or compensation from third parties outside the Company and its group associated with the discharge of the office of director, unless they consist merely of items.

vi. Undertaking any activities either personally or on behalf of any third party that might result in effective competition, whether actual or potential, with the Company, which might otherwise give rise to any permanent conflict of interests with the Company.

This obligation to refrain applies where the beneficiary of the prohibited actions and activities is a related party of a Board Member. In this regard, the following persons will be deemed to be related to the Board Members:

i. A Board Member’s spouse or persons with a like affective relationship.

ii. The ancestors, descendants and siblings of any Board Member and/or of his/her spouse.

iii. The spouses of a Board Member’s ancestors, descendants or siblings.

iv. The Companies or entities in which the Director directly or indirectly holds, including through an interposed person, a shareholding that confers a significant influence on them or on their parent company, a position on the management body or in senior management. For these purposes, any shareholdings equal to or greater than ten percent of the share capital or voting rights in relation to which it has been possible to obtain, in fact or in law, a proxy in the Company's management body is assumed to have significant influence.

v. The shareholders represented by the Director on the Board.

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

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

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

Yes	No
	X

E. RISK CONTROL AND MANAGEMENT SYSTEMS

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

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

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

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

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

Likewise, at its meeting held on 15 December 2022, the Board approved an update of the ACS Group's General Risk Map in compliance with Recommendation 45 of the Good Governance Code of listed companies. The defined risks, which were established to be a total of 35, are classified as follows:

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

ii. Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

iii. Technological: Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.

iv. Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group across the jurisdictions in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.

v. Social: Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, and the socio-economic setting in which it operates.

vi. Environmental: Risks linked to potential environmental impacts and the circular economy, including climate change and energy efficiency, which could cause harm to society, the environment and the

Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.

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

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

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

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

In addition to the review of the Risk Map in 2022, a detailed analysis was performed of the risks and opportunities arising from climate change without involving changes in the classification of other risks, for which the ACS Group carries out continuous monitoring. Following an exhaustive analysis, in which different climate scenarios (both physical and transition) were taken into account, the potential risks arising in the short-, medium- and long-term were identified, with 10 transition risks (divided into regulatory, market, technological and reputational risks), 8 physical risks (divided into chronic and acute risks) and 6 opportunities (divided into market, product and service and resource efficiency opportunities).

For its part, the Rules of the Board of Directors, amended on 16 December 2021 to adapt them to the Spanish Listed Company Shareholder Long-Term Engagement Act 5/2021 of 12 April [Ley de fomento de la implicación a largo plazo de los accionistas en las sociedades cotizadas], provides in Article 25.6 (h), dealing with the duties of the Audit Committee in relation to the supervision of risk management and control, states that this Committee will be responsible for supervising and assessing the effectiveness of the financial and non-financial risk management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks. Accordingly, Article 26 of the Rules of the Board of Directors establishes, as regards the powers of this Committee in matters of corporate governance and sustainability in environmental and social matters, that the Audit Committee will supervise compliance with the Company's environmental, social and corporate governance policies and rules, and with internal codes of conduct, with the following functions attributed to it:

a. Supervision of compliance with corporate governance rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b. Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and relates to small and medium-sized shareholders will also be monitored.

c. Regular evaluation of the suitability of the Company’s system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.

d. Supervision to ensure that the Company's environmental and social practices comply with the defined strategy and policy.

e. Supervision and evaluation of processes affecting different stakeholder groups.

Scope

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

The ACS Group includes the company Hochtief, A.G., which is listed on the German stock exchange and therefore has its own risk management and internal control system in place in accordance with the regulations governing it. This company and the subgroup led by it also has its own Audit Committee with functions similar to those of ACS. Therefore, the ACS Group's General Risk Management and Control Policy does not directly affect those activities carried out by Hochtief, to the extent that it is already covered by its own risk control systems.

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

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

Basic principles

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

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

a. integration of the approach to risk into the management of the Parent through the definition of the risk strategy and risk level;

b. achievement of the strategic objectives established by the group with controlled volatility;

c. preservation of strict separation of functions between the areas that manage risk and the areas responsible for risk analysis, control and supervision, providing an adequate level of independence;

d. transparently providing information to the regulators and principal stakeholders on the risks of the Group and its operating units, and on the operation of the systems developed to control the information;

e. providing the highest possible level of guarantees to shareholders;

f. protecting the results and the reputation of the Group;

g. defending the interests of shareholders, customers and other stakeholder groups in the progress of the Parent Company and society in general;

h. ensuring business stability and financial strength in a sustained manner over time;

i. ensuring the use of appropriate instruments to mitigate the impact of risks in accordance with the requirements of applicable legislation; and

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

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

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

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

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

Board

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

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

Audit Committee

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

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

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

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

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

Management Committee

The ACS Group Management Committee--which is made up of the Chair of the Board and CEO, the Deputy Chair of the Board, the Corporate General Manager, the Secretary General and the General Manager of Industrial Projects--defines the basic guidelines, the framework for action and establishes the management, monitoring and reporting mechanisms that ensure the maintenance of risks within the levels approved by the ACS Board.

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

Compliance Committee

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

The Corporate Governance Policy approved by the Board on 16 December 2021 thus stipulates that the Company has set up a Global Compliance Management System, the purpose of which is to implement a model that, while respecting the highly decentralised management structure of the Group, allows the Audit Committee of the Board of the Spanish listed parent company, supervise and assess the effectiveness of the non-financial risk management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, and compliance with the parent company's duties of proper care with respect to the subsidiaries through a system of dual risk control in the different areas of Compliance. A continuous process of interacting between organisational elements is thus defined to establish Policies, Objectives and Processes so that it can efficiently and sustainably comply with its obligations in the long term, generating evidence of the organisation's commitment to compliance and taking into account the needs and expectations of all its stakeholders.

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

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

a. Implementation and development of a homogeneous standards system for subsidiaries that aims to ensure that all Group subsidiaries have a certified compliance management system or, at least, one that can be understood as certifiable. This system will make it possible to detect those subsidiaries that have deficiencies and that do not reach the minimum level of homogeneity of the group. This will include a risk control system represented by the subsidiaries as a whole that, in turn, will make it possible to detect where there is greater vulnerability to indirect risks from subsidiaries.

b. Half-yearly monitoring to detect cases where breaches or infringements have been reported or compliance risks have materialised or been realised, while also monitoring whether the subsidiary has adequately reacted in that specific case by detecting systemic deficiencies, taking corrective actions and the steps taken to resolve them (internal investigations and their results, modification of rules, improvement of controls, etc.).

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

In accordance with the ACS Group's highly decentralised management model, the Group's parent company promotes the adoption of its own specific compliance management model by each of the subsidiaries, although aligned with common regulatory standards and Policies. In this sense, the use of a tool such as the Global Compliance Report among the Group's companies to assess the risks that each of their independent compliance management systems represent for the parent company should be understood. The parent company thus has, at least, a mechanism for reporting and understanding the risks to which it is exposed so that its directors can comply with their general duty of oversight and proper care.

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

This allows medium-intensity control without daily involvement in the compliance management of the subsidiary that is based on a system of reports from the subsidiary to the Parent. The homogeneous reporting system at group level provides the basis for the existence of due control by the parent company over the subsidiaries, promoting the adoption of their own compliance management systems by the subsidiaries, without prejudice to the supervision and control function that corresponds to the parent company.

For these purposes, a tool is available, designed in 2019, which has been subject to constant correction and improvement, called the Global Compliance Report which, in its latest version of December 2022, comprises the following sections:

- I. Criminal and anti-bribery compliance obligations.
- II. Compliance personnel and responsibilities
- III. Business partners. External care and risk assessment
- IV. Compliance training and reporting
- V. Controls, targets and resources
- VI. Audit and monitoring
- VII. Whistleblower channel
- VIII. Internal investigation procedure
- IX. Disciplinary regime
- X. Breaches, analyses and corrective actions
- XI. Competition
- XII. Cybersecurity
- XIII. Environmental due diligence processes
- XIV. Human Rights due diligence processes
- XV. Tax compliance
- XVI. Corporate Governance

The Global Compliance Report, which is sent by the Group's subsidiaries every six months, is supplemented by the ACS Group's risk and criminal and anti-bribery matrix, which includes both the risks to which the individual listed company is exposed due to its own activity and the risk to which it is indirectly exposed through the criminal risks of the activities of its subsidiaries. In September 2022, the new matrix of risks and controls in the criminal and anti-bribery area of the Group's parent company was added to this matrix of risks and controls in the area of tax compliance.

The Global Compliance Report also allows for an annual risk score card in all reported compliance areas.

Corporate Internal Audit

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

Corporate General Management

Corporate General Management prepares the ACS Group's framework for action to standardise the identification, classification, evaluation, management and tracking of the risks of the different divisions and businesses, and specifically:

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

ACS Group companies and their risk support functions

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

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

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

Comprehensive Risk Control and Management System

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

Risk identification

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

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

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

– Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

– Technological: Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.

– Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group in the various legal systems of the countries in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.

– Social: Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, and the socio-economic setting in which it operates.

– Environmental: Risks linked to potential environmental impacts and the circular economy, including climate change and energy efficiency, which could cause harm to society, the environment and the Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.

– Political: Risks associated with political changes that may affect legal certainty and the legal framework applicable to the Group's business.

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

– Corruption-related: Risks related to the Parent obtaining an undue advantage of any value (which may be of a financial or non-financial nature) directly or indirectly, in violation of applicable regulations.

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

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

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

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

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

– Definition of the risk appetite and levels and the maximum limits of risk that may be assumed by each business in accordance with its characteristics and expected profitability, and that are considered from the outset of the operations.

– Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.

– Coordination and communication to ensure that the risk policies and procedures of each business area are consistent with the Group's overall risk policy.

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

Risk assessment criteria

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

– **Impact,** this is the economic damage in transactions and reputational damage to the Group's activity, taking into account the control measures implemented in the Group: high, medium or low.

– **Probability** that the risk may materialises in a certain event, taking into account the control measures implemented in the Group: high, average or low.

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

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

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

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

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

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

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

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

The Russian army's invasion of Ukraine began on 24 February 2022. In addition, several countries have imposed sanctions and taken actions with the aim of isolating and weakening the Russian economy. Although the impact on the ACS Group's activity was not significant in 2022, it is resulting in inflationary pressures, causing problems in supply chains and, in general, is having a significant effect on the global economy, increasing economic uncertainty and the volatility of asset values. The ACS Group continues to monitor the impact that the conflict could have on operating and financial performance in the activities of the Group's various divisions. Although the current situation caused by the conflict leads to uncertainty regarding the performance and development of the markets and the construction industry, the Group is highly diversified by activities and location in developed regions with stable political frameworks.

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

However, in relation to early detection and management of compliance risks, in 2022 the Compliance Committee carried out various corrective actions in aspects related to, among others, criminal and anti-bribery, information security, competition protection and management of the global compliance system.

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

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

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

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

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

Internal reporting and control systems

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

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

- Complete, ensuring that all relevant information is transmitted for adequate control and risk management.

- Correct and truthful, ensuring that the information transmitted contains no errors.

- Value-creating, by fostering the development of a risk management and control culture.

- Transmitted fairly and symmetrically: i.e., all the recipients of the information must receive the same information over the same time horizon.

- Transmitted on time, i.e. at the time it is known and relevant for adequate risk control and management.

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

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

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

F.1 Company's control environment

Indicating their main characteristics, detail at least the following:

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

The Internal Control over Financial Reporting System (hereinafter ICFRS) is part of the ACS Group's overall internal control system and is set up to provide reasonable assurance regarding the reliability of the financial information published. The bodies responsible for it, as can be seen from the Rules of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., available on the Company's website (https://www.grupoacs.com), are the Board and, within it, the supervisory function is delegated to the Audit Committee.

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

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

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

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

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

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

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

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

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

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

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

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

b) To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve, or propose the board approve, its orientation and annual internal audit plan, ensuring that activities are directed principally towards key risks for the company (including reputational risks); receive regular information on internal activities; ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration; and to conduct an annual review of the functioning of the internal audit unit and the performance of its functions by its head.

c) To establish and supervise a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to confidentially report any potentially significant irregularities, including financial, accounting or any other irregularities related to the Company that they notice within the Company or its group, receiving regular information on its operation and being able to propose appropriate actions for its improvement and the reduction of risk in the future.

As pertains to the oversight of risk management and control:

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

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

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

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

On the other hand, the investee company Hochtief, A.G., which forms part of the ACS Group and is listed on the German stock exchange, has implemented its own risk management and internal control system for financial information, in accordance with the legislation to which it is subject. Additional information on these systems can be found in its 2022 annual reports, which are available at www.hochtief.com.

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

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

In accordance with the Rules of the Board of Directors, the Nominations Committee under this Board is responsible for, inter alia, reporting on nominations and dismissals of Senior Executives, particularly those who are to be a member of the Group’s Management Committee, and for proposing the basic terms of their contracts.

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

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

The current ACS Group Code of Conduct was approved by the Board on 27 July 2021 and published on the intranet and on the corporate website on the same day together with an explanatory video, and all members of the organisation subsequently received training on it.

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

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

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

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

The main values contained in the Code of Conduct - Integrity, Excellence, Trust, Sustainability and Profitability- are also reflected in the Code of Conduct for Business Partners, which applies to the ACS Group's relations with third parties, recently revised on 27 February 2023, to adapt it to the new Policy on compliance with international sanctions imposed on third parties. These rules are accessible at the corporate website.

Hochtief, A.G. is a company listed on the Frankfurt Stock Exchange in Germany and is therefore subject to the regulations of its regulatory bodies and has its own Code of Conduct and its own internal whistle-blowing and control channel, in terms similar to those of the ACS Group. For this reason, the ACS Group’s General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group.

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

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

The Annual Compliance Monitoring Report summarises, amongst others, the actions in relation to the Code of Conduct in 2022. It was approved by the Compliance Committee on 20 February 2023 and reported to the Audit Committee at its meeting on 27 February 2023.

In October 2022, ACS, Actividades de Construcción y Servicios, S.A. obtained the certification issued by AENOR (the Spanish Association for Certification and Standardisation) of the ISO 37301:2021 standards on 'Compliance management systems' and UNE 19602:2019 on 'Tax compliance management systems'.

Furthermore, in 2022, ACS, Actividades de Construcción y Servicios, S.A., renewed the certifications issued by AENOR of its Crime Prevention Model in accordance with UNE 19601 'Criminal Compliance Management System' and UNE-ISO 37001 'Anti-Bribery Management Systems,' which it had obtained again in 2021. These same certifications were obtained in 2018 and subsequently renewed in 2019 and 2020.

Whistle-blowing channel, for reporting to the Audit and Control Committee any irregularities of a financial or accounting nature, and breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential, and whether it allows for anonymous communications, respecting the rights of the whistle-blower and the reported party.

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

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

After the intense update made in 2021, in 2022 there were new developments in how the Whistleblower Channel is managed and accessed. On 27 July 2021, the Board approved the ACS Whistleblower Channel Operation Policy that repealed the Code of Conduct Monitoring Committee, attributing its functions to the Compliance Committee, based on the following grounds:

– As regards regulatory compliance, it is necessary to ensure that the rules imposed by public authorities and those others that ACS voluntarily assumes are correctly applied. This reality causes the scope of regulatory compliance models, internal control models and risk management models to be projected over both categories of obligations, seeking synergistic activities and governance structures that avoid duplication. The international recommendations point to the advisability of the Compliance function extending its activities to the supervision of internal regulations, including codes of conduct and other derived policies. Progress in this regard makes the Code of Conduct Monitoring Committee, created before the establishment of the ACS Global Compliance Management System, unnecessary, thus avoiding unnecessary redundancies with the current tasks of the Compliance Committee and contributing to having a clear, simple and effective model for managing questions and complaints.

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

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

On 28 July 2021, the Compliance Committee approved two new Procedures in development of the ACS Ethics Channel Operating Policy, which were adapted on 19 July 2022 to the content of the new UNE/ISO 37301:2021 standard for global compliance systems for the purposes of its certification:

– Procedure for investigating complaints and breaches at ACS

– Compliance disciplinary system

In relation to the objective of standardising the processes and procedures of the complaints and queries channels of the Dragados Group, the Iridium Group, the Clece Group and the listed Parent, the Policy complies with the establishment of a common operating framework for the Whistleblower Channel for the ACS Group Divisions, which is being developed by each of them through internal procedural rules. As noted above, Hochtief, A.G. is a company listed on the German stock exchange and is therefore subject to the regulations of its own regulatory bodies and has its own Codes of Conduct and its own internal whistle-blowing and control channel, in terms similar to those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group.

Changes to the ACS Group's Whistleblowing Channel:

1. By post to:

   Canal Ético Grupo ACS

   Avda. Pío XII 102,

   28036 Madrid, Spain.

2. Through the corporate website:

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

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

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

In 2022, four complaints files were opened in the Whistleblower Channel of ACS, Actividades de Construcción y Servicios, S.A., three of which are still open and being closely tracked because of their complexity. In addition, numerous queries and complaints were received on the whistleblower channels of each of the Group's divisions. Considering all the Group's whistleblower channels, with the exception of Hochtief, in 2022, 203 reports were received, giving rise to the opening of the corresponding files, 11 of which were in processing at year-end. Complaints and queries from different countries throughout the world have mostly been reported via digital channels, in the case of complaints from employees or third parties outside the organisation.

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

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

Therefore, in 2022 throughout the entire ACS Group over 17,500 hours of training courses in finance, accounting rules, consolidation, auditing, internal control and risk management were given, attended by approximately 1,900 employees. In 2022, both remote training and the ‘webinar’ format were used for staff training, in addition to in-person classes.

F.2 Risk assessment in financial reporting

Detail at least the following:

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

The process exists and is documented.

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

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

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

- Operational: Risks associated with the activities carried out by the Group, including all risks related to processes and operations.

- Technological: Risks linked to the technologies and systems used by the Business and the ACS Group, which could render it unable to efficiently and effectively support present and future needs or possible cyber-attacks.

- Legal, criminal and anti-bribery: Risks arising from non-compliance or lack of oversight and monitoring of regulations applicable to the Group across the various jurisdictions in which it operates, or relating to non-compliance with criminal and anti-bribery regulations, which could give rise to liability for the ACS Group and lead to legal action, penalties, fines or the partial or total stoppage of its activities.

- Social: Risks linked to the social rights of employees and individuals related to the Business or the ACS Group, and the socio-economic setting in which it operates.

- Environmental: Risks linked to potential environmental impacts and the circular economy, including climate change and energy efficiency, which could cause harm to society, the environment and the Group, loss of competitiveness, compensation and reparations or could halt works, services or projects in progress.

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

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

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

In line with the Risk Map, the detailed analysis of the risks and opportunities arising from climate change for the ACS Group was also updated during the year, in which, taking into account different climate scenarios (both physical and transition), the potential risks arising in the short-, medium- and long-term were identified, The analysis includes 10 transition risks (divided into regulatory, market, technological and reputational risks), 8 physical risks (divided into chronic and acute risks) and 6 opportunities (divided into market, product and service and resource efficiency opportunities).

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

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

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

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

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

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

For each process or business cycle included within the scope, the Group has identified the risks that can specifically affect financial reporting taking into account all of the financial reporting objectives (existence and occurrence; integrity; valuation; rights and obligations; and presentation and comparability), and taking into account the different risk categories described in section E of the ACGR to the extent that they could significantly affect financial reporting. In 2022 the ACS Group reviewed the adequacy of the procedures to the current operations to cover all the above objectives.

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

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

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

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

Which of the company's governing bodies monitors the process?

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

F.3 Control activities

Indicating their main characteristics, detail at least the following:

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

Prior to their approval by the Board and to their publication, General Corporate Management must submit both the annual and half-yearly abridged consolidated financial statements and any other periodic public information supplied to the markets to the Audit Committee, taking into consideration the most relevant effects and those matters whose contents or components are based on accounting opinions or assumptions for the purpose of calculating estimates and provisions.

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

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

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

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

- Identification of the companies and processes or business cycles that may significantly affect the financial information. Each significant process has a flow chart and a description of key activities.

- Identification of the risks and controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

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

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

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

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

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

The Chief Information Security Officer (CISO) appointed at ACS Actividades de Construcción y Servicios, S.A. is responsible, based on the information security risks identified, for creating, updating, monitoring and carrying out the Information Security Master Plan. This Master Plan was created and approved on 27 July 2021 and is updated periodically in accordance with the needs and the Audit Committee is informed of this on a regular basis through the Compliance Committee.

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

All information systems have perimeter protection, monitoring, network and access elements through a Security Operation Centre (SOC) and comply with security policies in terms of security updates, patches, antivirus and backup to guarantee the integrity, availability and confidentiality of the information.

In addition, the CISO's office regularly conducts security audits of the main information systems, and pentesting and read team exercises (targeted attacks) to verify the effectiveness and improve the controls implemented.

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

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

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

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

F.4 Information and communication

Indicating their main characteristics, detail at least the following:

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

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

The Group has an accounting policies manual that is in line with the International Financial Reporting Standards (IFRS) as these are adopted by the European Union (IFRS-EU). This manual, updated in January 2022, is applicable to all companies included in the Group’s scope of consolidation and to its joint ventures and associates.

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

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

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

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

1. Frequency of information reporting.

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

2. Information type.

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

3. Financial reporting format

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

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

4. Model for internal control information

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

   This reporting took place in 2022 on a half-yearly basis, at the same time as the publication of the ACS Group's interim half-yearly financial statements.

F.5 Supervision of system operation

Indicating their main characteristics, detail at least the following:

F.5.1 The ICFRS supervision activities carried out by the Audit Committee, and whether the company has an internal audit function which includes support to the Committee in its work on supervising the internal control system, including the ICFRS, among its duties. Furthermore, indicate the scope of the assessment of the

ICFRS carried out in the financial year and of the procedure by means of which the person responsible communicates the results, whether the entity has an action plan that details possible corrective actions and whether its impact on the financial information has been considered.

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

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

The Corporate Internal Audit Department is included in the organisational structure as a body reporting hierarchically to the Corporate General Management and functionally to the Audit Committee of the Board. It has no hierarchical or functional link to the business areas. Therefore, the appointment/dismissal of the person responsible is at the suggestion of the Audit Committee. In this regard, Hochtief, A.G., as indicated in point F.1, has its own control system and its internal audit reports to its Audit Committee, as indicated in the 'Opportunities and Risks Report' of the Hochtief, A.G. 2022 Annual Report. (available on its website www.hochtief.com).

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

a. Reviewing the implementation of policies, procedures and standards established in the Group's business areas, and the operations and transactions they perform.

b. Identifying faults or errors in the systems and procedures, indicating their causes, issuing suggestions for improvement in the internal controls established and monitoring recommendations adopted by the management of the various business areas.

c. Reviewing and assessing, in the performance of their work, the internal controls established, included among which are those which make up the risks associated with the financial information for the audited units.

d. Reporting any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

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

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

The Corporate Internal Audit Department submitted the 2022 Activities Report and the 2023 Audit Plan to the Audit Committee in March 2023. These included among other aspects an increase in the review of the operation of the control procedures and operations included in the internal control system for financial information. The audits carried out in 2022, as in previous years, were as follows:

– Audits of specific projects.

– Audits of branches or geographic areas within a company.

– Audits of processes or specific areas.

– Audits of companies or groups of companies.

A total of 44 audits were carried out in all the Business Areas of the Group in 2022, representing coverage equal to 38% of the ACS Group's total revenues excluding the Hochtief Group.

In 2022, the internal audits carried out specifically included a review procedure of the Internal Control over Financial Reporting System of the audited company, project or delegation, identifying a series of key controls to verify their operability. The coverage of the scope of work was in line with the companies and processes that are truly significant and in which the ICFR is implemented.

The purpose of this review was to obtain evidence of the controls on financial information at the company and delegation level, and the risk and control matrices, indicating in the corresponding audit report the internal control weaknesses identified and proposing, through the corresponding recommendations, the action plans to be adopted by the company to mitigate those risks and weaknesses, if any.

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

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

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

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

In accordance with the Rules of the Board of Directors, the Audit Committee has the following functions:

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

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

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

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

The Audit Committee holds meetings with the external auditor periodically and, in any case, always at those sessions at which the Audit Committee meets to review the abridged consolidated financial statements corresponding to the first and second half of the year, and before the meeting held by the Board to prepare the full annual individual financial statements of the parent, and the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the work of external auditors for the current year, and to report the results that have been obtained in the preliminary review prior to the end of the financial year.

In 2022, the Internal Auditor attended five Audit Committee meetings and the External Auditor attended five Audit Committee meetings, at the invitation of the Chair and in relation to the agenda items for which their presence was requested.

F.6 Other relevant information

Not applicable

F.7 External auditor's report

Indicate:

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

The information relating to the ICFRS issued to the markets for 2022 was reviewed by the external auditor.

ACS, Actividades de Construcción y Servicios, S.A

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ACS, Actividades de Construcción y Servicios, S.A. for 2022

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

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ACS, Actividades de Construcción y Servicios, S.A. for 2022

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

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

As requested by the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. (the "Company") and in accordance with our proposal letter dated 3 Ocotber 2022, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of ACS, Actividades de Construcción y Servicios, S.A. for 2022, which summarises the Company's internal control procedures for annual financial reporting.

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

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

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

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2022 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

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

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent being Circular 3/2021 of 28 September 2021 (hereinafter, the CNMV Circulars).

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.

3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes of the meetings of the Board of Directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

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

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

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

Manuel Martín Barbón

23 March 2023

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

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

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

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

	Complies	Explain
	X	

2. When the listed company is controlled, within the meaning of section 42 of the Commercial Code, by another listed or unlisted company, and has, directly or through its subsidiaries, business relationships with that company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them publicly reports accurately on:

    a) The respective areas of activity and potential business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

The mechanisms in place to resolve possible conflicts of interest.

Complies	Partially complies	Explain	Not applicable
			X

3. During the annual general meeting, the chairman of the board should supplement the published annual corporate governance report with a sufficiently detailed verbal report to shareholders on key corporate governance issues in the company, including in particular the following:

    a) Changes since the last annual general meeting.

    b) The specific reasons why the company does not follow any of the Corporate Good Governance recommendations, and whether any alternative rules are applied to the matters in question.

	Complies	Partially complies	Explain
	X		

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

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

	Complies	Partially complies	Explain
	X		

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

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

Complies	Partially complies	Explain
X		

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

   a) Report on auditor independence.

   b) Reports on the functioning of the audit and nominations and remuneration committees.

   c) Audit committee report on related-party transactions.

Complies	Partially complies	Explain
	X	

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

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

7. The company should broadcast shareholders' general meetings live on its website.

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain
X		

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

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

Complies	Partially complies	Explain
X		

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

a) Immediately publish these additional agenda items and new proposals for resolutions.

b) Publish the form of the attendance card, proxy voting form or remote voting form containing the necessary changes to allow voting on the new points on the agenda and alternative proposals, in accordance with the terms proposed by the board of directors.

c) Submit all these agenda items and alternative proposals to a vote applying the same voting rules as in the case of matters or proposals made by the board, including in particular any assumptions or deductions with regard to the nature of votes.

d) After the shareholders' general meeting, the company should provide a breakdown of votes cast on any such additional agenda items or alternative proposals.

Cumple	Cumple parcialmente	Explique	No aplicable
			X

11. If the company intends to pay any bonuses for attending the annual general meeting, it should establish a general policy regarding such premiums in advance and apply the policy on a stable basis.

Complies	Partially complies	Explain	Not applicable
			X

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

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

Complies	Partially complies	Explain
X		

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

Cumple	Explique
X	

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

a) is concrete and verifiable;

b) ensures that proposals for appointment or re-election of members are based on a prior analysis of the competences needed by the board; and

c) favours diversity of expertise, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to be conducive to gender diversity.

The result of the prior analysis of the skills required by the board should be set forth in a report of the appointments, which will be published on the occasion of the call to the shareholders' general meeting at which the ratification, appointment or re-election of each board member is to be sought.

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

Complies	Partially complies	Explain
	X	

The ACS Group has a diversity policy that contemplates expanding diversity on the governing bodies of ACS and its Group, the objectives and commitments regarding diversity and the mechanisms for monitoring, evaluating and following up the Policy, and in accordance with the Rules of the Board of Directors, the Nominations Committee evaluates the skills, knowledge and experience required on the Board, defining the functions and aptitudes required of the candidates to fill each vacancy, ensuring that the composition of the Board is appropriate, thus complying with the objectives of a specific Policy in this respect.

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

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

Complies	Partially complies	Explain
	X	

Compliance with this Recommendation is considered partial since, although the selection procedures for Board members aim to facilitate the selection of women directors in a number that allows a balanced presence of women and men to be achieved. At 31 December 2022, the number of women directors represents 26.66% of the total number of Board members. In any case, the Nominations Committee should, in compliance with the Rules of the Board of Directors and the Diversity Policy, promote gender diversity in relation to potential candidates, on the basis that they meet the appropriate professional profile and objective criteria of merit and ability.

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

This proportional criterion may be relaxed:

a) In large cap companies where few ownership interests attain the legal threshold for significant shareholdings.

b) In companies where multiple, otherwise unrelated shareholders are represented on the board.

Complies	Explain
X	

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

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

	Complies	Explain
		X

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

18. Companies will post the following information regarding the board members on their websites, and keep them permanently updated:

    a. Professional experience and background.

    b. Board memberships held at other companies, listed or otherwise, and any other remunerated activities of any kind in which the board member may engage.

    c. An indication of the board member's classification as executive, in the case of proprietary board members stating the shareholder they represent or have links with.

    d. The date of their first and subsequent appointments or reselection as a company board member.

    e. Shares held in the company and any options on them.

	Complies	Partially complies	Explain
	X		

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

Complies	Partially complies	Explain	Not applicable
			X

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

Complies	Partially complies	Explain	Not applicable
			X

21. The Board may not propose the removal of any independent board members before the expiry of the statutory term for which they were appointed, as mandated by the by-laws, except where just cause is found by the board based on a report of the nominations committee. In particular, just cause will be presumed when a board member takes up any new posts or contracts new obligations such as might

prevent him/her from dedicating the necessary time to the discharge of the duties proper to the office of director, is found to be in breach of the duties inherent in his/her position or comes under one of the grounds leading to disqualification as independent, in accordance with the provisions of applicable legislation.

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

	Complies	Explain
	X	

22. Companies should lay down rules obliging directors to report and, where appropriate, resign when situations arise that affect them, whether or not related to their actions in the company itself, that could damage the credit and reputation of the company and, in particular, obliging them to inform the board of any criminal proceedings in which they are under investigation, and the progress of any subsequent trial.

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

	Complies	Partially complies	Explain
	X		

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

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

    The terms of this recommendation also apply to the secretary of the board, whether or not he/she is also a board member.

Complies	Partially complies	Explain	Not applicable
X			

24. When, either by resignation or by resolution of the general meeting, a directors resign before the end of their term of office, they should sufficiently explain the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for their removal by the meeting, in a letter to be sent to all board members.

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

Complies	Partially complies	Explain	Not applicable
	X		

At the meeting of the Board of ACS, Actividades de Construcción y Servicios, S.A. held on 24 March 2022, the directors Agustín Batuecas Torrego and Joan David Grimà y Terré tendered their voluntary resignation without stating their personal reasons, being accepted by the Board with thanks for the services rendered, and the Company made the corresponding communication to the CNMV by means of Other Relevant Information on 25 March 2022 (record number: 15165).

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

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

Complies	Partially complies	Explain
	X	

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

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

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

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain
	X	

As stated in section C.1.26, the Company has had 98.53% attendance at Board meetings. As regards proxies with voting instructions, this is not considered generally advisable, given that one of the characteristics of the Board meetings is their deliberative nature, with the Directors expressing their different positions and opinions and, therefore, being able to reach conclusions other than their initial ones.

28. Where the directors or the secretary express any concerns over a proposal, or in the case of board members, over the conduct of the company's affairs, and their concerns are not resolved at a board

meeting, the concerns raised will be recorded in the minutes at the request of the party expressing them.

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain
X		

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

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain
X		

34. Where there is a coordinating director, the by-laws or rules of the board of directors should grant that director the following powers in addition to those conferred by law to chair the board in the absence of the chair and deputy chairs, where applicable; to take note of the concerns voiced by non-executive directors; to maintain contacts with investors and shareholders in order to learn their points of view and form an opinion of their concerns, in particular with regard to corporate governance of the company; and to coordinate the plan for succession of the chair.

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Explain
X	

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

    a) The quality and effectiveness of the board's functioning.

    b) The functioning and membership of its committees.

    c) The diversity of the board's membership and powers.

    d) The performance of the chair of the board and the company's chief executive officer.

    e) The performance and contribution of each director, focusing in particular upon the directors responsible for each of the board committees.

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

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

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

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain
X		

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

Complies	Partially complies	Explain	Not applicable
X			

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

1. In relation to information systems and internal control:

    a. To supervise and assess the process of preparing and the integrity of the financial and non-financial information, and the systems for controlling and managing financial and non-financial risks relating to the company and, where applicable, the group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, reviewing compliance with regulatory requirements, the accurate demarcation of the scope of consolidation and the correct application of accounting criteria.

    b. To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve, or propose the board approve, its orientation and annual internal audit plan, ensuring that activities are directed principally towards key risks for the company (including reputational risks); receive regular information on internal activities; and ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration.

    c. To establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial, accounting or any other irregularities related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the complainant and the respondent.

    d. In general, to ensure that the policies and systems established in internal control are effectively applied in practise.

2. In relation to the external auditor:

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

    b. To ensure that the remuneration of the external auditor's work does not compromise quality or independence.

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

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

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

	Complies	Partially complies	Explain
	X		

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

	Complies	Partially complies	Explain
	X		

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

Complies	Partially complies	Explain	No aplicable
X			

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

a) The different types of financial and non-financial (operational, technological, legal, corporate, environmental, political and reputational, including those related to corruption) risk to which the company is exposed, including contingent liabilities and other off-balance sheet risks among the financial and business risks identified.

b) A risk management and control model based on different levels, which will be formed by a specialised risk committee when provided for by sector rules or when considered appropriate by the company.

c) The level of risk that the company considers acceptable.

d) The measures provided to mitigate the impact of the risks identified, in the event that they were to materialise.

e) The information and internal control systems used to control and manage risks, including contingent liabilities and off-balance sheet risks.

	Complies	Partially complies	Explain
	X		

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

a) To ensure the proper functioning of internal control and risk management systems and, in particular, to ensure that the same adequately identify, manage and quantify all significant risks to which the company may be exposed.

b) To participate actively in the preparation of the risk strategy and significant decisions with regard to risk management.

c) To ensure that risk control and management systems adequately mitigate risks within the framework of the policy defined by the board of directors.

	Complies	Partially complies	Explain
	X		

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

	Complies	Partially complies	Explain
	X		

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

	Complies	Partially complies	Explain
	X		

49. The nominations committee will consult with the chairman of the board and the company's chief executive officer, in particular on matters relating to executive directors.

    Any board member may request that the nominations committee to take potential candidates to cover vacancies in the board of directors into consideration, where they understand the same to be suitable.

	Complies	Partially complies	Explain
	X		

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

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

    b) To verify compliance with the remuneration policy established by the company.

    c) Periodically to review the remuneration policy applied to board members and senior executives, including share-based remuneration systems and their application, if any, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the company.

    d) To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the committee.

    e) To verify information on the remuneration of board members and senior executives contained in corporate documents, including the annual report on board members' remuneration.

	Complies	Partially complies	Explain
	X		

51. The remuneration committee will consult with the chairman or executive director, especially on issues involving executive directors and senior executives.

	Complies	Partially complies	Explain
	X		

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

a) Membership should comprise exclusively non-executive directors, with a majority of independent board members.

b) Committee chairs should be independent board members.

c) The board should appoint the members of committees in view of the knowledge, skills and experience of board members and the duties entrusted to each committee, debating the relevant proposals and reports. Each committee should likewise held to account for its activity and the work carried out at the first full board meeting held after each of its meetings.

d) The committees may seek external advice where considered necessary for the due discharge of their functions.

e) Minutes will be kept of each meeting and will be provided to all of the board members.

Complies	Partially complies	Explain	Not applicable
			X

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

Complies	Partially complies	Explain
X		

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

a. Supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.

b. Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the company communicates and relates to small and medium-sized shareholders will also be monitored.

c. Regular evaluation of the suitability of the company’s system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner.

d. Supervision to ensure that the company's environmental and social practices comply with the defined strategy and policy.

e. Supervision and evaluation of processes affecting different stakeholder groups.

Complies	Partially complies	Explain
X		

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

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax liability, respect for human rights and the prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms established to monitor non-financial risks, including those related to ethics and business conduct.

d) The channels established for communication, participation and dialogue with stakeholders.

e) Responsible communication practices to prevent the manipulation of information and safeguard personal integrity and honour.

	Complies	Partially complies	Explain
	X		

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

	Complies	Explain
	X	

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

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

	Complies	Partially complies	Explain
	X		

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

    In particular, variable pay components should:

    a) Be linked to predetermined, measurable performance criteria, and such criteria should take into account the risks assumed to obtain results.

    b) Promote the sustainability of the company and should include non-financial criteria related to long-run value creation, and compliance with the company's internal rules and procedures, and with its risk control and management policies.

    c) Should be structured on the basis of balance between the attainment of objectives in the short, medium and long term, so as to remunerate ongoing success and performance over a sufficient period of time to appreciate the contribution made to the sustainable creation of value and ensure that the performance variables measured do not refer only to one-off, occasional or extraordinary events.

Complies	Partially complies	Explain	Not applicable
X			

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

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

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Partially complies	Explain	Not applicable
X			

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

    An exception is made where the directors maintain, at the time of the transfer or exercise, a net economic exposure to changes in the share price of a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

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

Complies	Partially complies	Explain	Not applicable
X			

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

Complies	Partially complies	Explain	Not applicable
X			

64. Severance payments made on the termination of contracts should not exceed an amount equal to two years’ total annual remuneration, and they should not be made until the company has been able to verify that the board member meets the criteria and conditions for receiving them.

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

Complies	Partially complies	Explain	Not applicable
X			

H. OTHER INFORMATION OF INTEREST

1. ***If there are any relevant aspects relating to corporate governance in the company or group entities which have not been reflected in the other sections of this report, but which need to be included to give more complete and reasoned information on the structure and governance practices in the company or its group, detail them briefly.***

2. ***This section can also include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.***

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

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

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

This Annual Corporate Governance Report was approved by the Board of the Company at its meeting held on 23 March 2023.

Indicate whether any Board Members voted against or abstained in relation to the approval of this Report.

Yes	No
	X

Name or corporate name of the Board Member not voting in favour of the approval of this report	Grounds (against, abstention, absence)	Explain reasons

Comments

7. ANNEXES

7.1. REPORTING PRINCIPLES

The non-financial information in this report was reported with reference to the Global Reporting Initiative Standards. This Report of the ACS Group was also prepared following the principles established within the framework of the International Integrated Reporting Council (IIRC[13]) and the sector supplement of Construction and Real Estate of the Standards of the Global Reporting Initiative.

The Annual Integrated Report responds to the recommendations of the National Securities Market Commission included in Guidelines for preparing the management report for listed entities, as well as Law 11/2018 on disclosure of non-financial information and diversity information. This includes the consolidated non-financial statement, as part of the ACS Group Management Report.

In regard to the Group's financial and management information, the information broken down in the consolidated and individual financial statements audited and prepared by the Board of Directors and presented at the General Shareholders' Meeting was taken into account.

The issues relating to non-financial information identified as relevant for the ACS Group stakeholders and to which this report responds are the following (in order of importance):

- Occupational health and safety in employees and contractors
- Ethics and compliance
- Financial solvency and value generation for shareholders and investors
- Respect for Human Rights.
- Equality, diversity and non-discrimination
- Good Corporate Governance
- Customer orientation and quality
- Risk management and opportunities
- Fair remuneration and quality employment
- Environmental management and protection of biodiversity
- Transparency and dialogue with stakeholders
- Responsible management of the supply chain.
- Sustainable and resilient infrastructure
- Transparency and dialogue with stakeholders
- Financial solvency and value generation for shareholders and investors
- Sustainable and resilient infrastructure
- Climate Change: transition to a low-carbon business model
- Attracting talent and professional development
- Local development and impact on the community
- Governance and Sustainability Strategy
- Innovation and Technology
- Circularity in the sourcing of raw materials and in waste management
- Investment and sustainable financing
- Water management

Lastly, a limited review of the non-financial information was carried out by an independent third party in accordance with ISAE 3000 Revised, including the assurance letter on pages 261-263 of this document. The ACS Group applied to the following criteria to prepare this report:

[13] For more information, see the website of the International Integrated Reporting Counsel http://integratedreporting.org/

PRINCIPLES TO DETERMINE THE CONTENT OF THE REPORT:

Inclusion of stakeholders: the ACS Group identifies and manages relevant issues taking into account the expectations of its stakeholders. The Group therefore has dialogue mechanisms adapted to its relationship with each of its stakeholders (indicated in section 5.5 this report). In the process of reviewing the materiality analysis carried out in 2022, the perspective and expectations of the stakeholders on the relevant issues that concern the Group were taken into account through external documentation, and assessment surveys sent to various stakeholders.

Sustainability context: The purpose of this report is to explain the management of the ACS Group in each of the three sustainability areas: economic, social and environmental. Throughout this report, information is supplied in relation to the context of each of these areas.

Relevance: The ACS Group has carried out an analysis of material issues; the methodology and results can be consulted in section 7.2 of this report. This report made it possible to determine the issues that are relevant for the ACS Group and its stakeholders.

Exhaustiveness: In the process of preparing this report, the coverage and scope thereof was clearly defined, giving priority to information considered to be material and including all significant events that took place in 2022, without omitting information of relevance to our stakeholders.

The scope of the report was determined along with its content. In the years covered by this report, the ACS Group took part in transformation processes that have involved organisational and administrative changes that resulted in a change in the scope of certain indicators. Therefore, it should be noted that 50% of Thiess was sold in 2020 and most of the Servicios Industriales activities were sold in 2021, as reflected in Note 02.02 to the 2020 financial statements of the ACS Group. Appendix 7.3.6 indicates the scope and coverage of each of the indicators reported. In addition, if there are any significant changes in coverage, they must be indicated in these chapters.

The relevant issues, the indicators included herein and the issues covered by the 2022 Annual Integrated Report offer an overview of the significant impacts on the economic, social and environmental fields and on the ACS Group's activities.

PRINCIPLES TO DETERMINE THE QUALITY OF THE REPORT:

Accuracy and clarity: This report contains tables, graphs and diagrams, the purpose of which is to make the report easier to understand. The information included in the report is meant to be clear and accurate in order to be able to assess the ACS Group's actions. In addition, the use of technical terms whose meaning may be unknown to stakeholders has been avoided as much as possible.

Balance: This report includes both positive and negative aspects, in order to present an unbiased image and enable stakeholders to reasonably assess the Company's actions.

Comparability: As far as possible, the information included in this report has been organised in such a manner that stakeholders may interpret the changes undergone by the ACS Group with respect to previous years. Certain figures for previous years have been recalculated with the same scope as those reported in 2022 so that, whenever possible, they can be more comparable. In regard to indicators that indicate that "it was not possible to recalculate the figures retroactively for certain indicators", the historically reported data is included for the purposes of information.

It is important to note that the ACS Group is in the process of improving the processes for collecting data in line with the targets set in its Sustainability Master Plan, to improve their scope, quality and uniformity.

These processes may lead, where possible, to restatement of the information from previous years to facilitate their comparability and correct interpretation.

In this regard, the following factors must be considered in the year-on-year comparisons of absolute data within the ACS Group:

- Changes in its business activities and structure: the ACS Group has a high level of geographical and activity diversification, which implies that year-on-year changes in the business mix, the organic growth of the business itself, the acquisitions or divestment carried out or external factors (such as the impact of COVID-19) may lead to substantial changes in the consumption or eco-efficiency indicators presented.
- Comparability of the activities and progress of the projects: the eco-efficiency indicators presented relate to the purchases or consumption carried out in the ACS Group projects, whether through its own projects or proportionally through projects in which it participates through joint ventures. The nature of the projects carried out by the ACS Group is very variable and each type of project has a different impact on eco-efficiency indicators. In the large projects carried out by the Group, the phase in which the projects are located also represents significant differences in consumption.
- Improvement in data quality: given the size and operational decentralisation of the ACS Group, an improvement process is being carried out in the collection of data, as well as a homogenisation of the processes and standards for their collection and reporting, which entails, where possible,

restatement of previous years to show the same scope and methodology. This process is particularly significant in the indicators related to greenhouse gas emissions. The methodology for calculating the carbon footprint is in the process of continuous improvement and the ACS Group, in accordance with its 2025 Sustainability Master Plan, is improving the scope and quality of the data reported, especially in emissions of scope 3.

Reliability: the reliability of the information included in this 2022 Annual Integrated Report in regard to corporate social responsibility was checked by KPMG, the firm responsible for its verification. The assurance letter can be found on page 261-263

Timeliness: The ACS Group is required to report on the Group's performance on an annual basis. This Report relates to the Group's actions and activities in 2022 in the economic, social and environmental areas.

7.2. IDENTIFICATION OF RELEVANT MATTERS

In accordance with the principles established by the GRI Standards to define the contents of the 2022 Integrated Report, the ACS Group carried out a materiality analysis in 2022, introducing for the first time the concept of dual materiality, identifying on the one hand the issues relevant to the creation of value of the ACS Group, as well as the level of impact that the development of the ACS Group's activity may have on the economy, the environment and people, including human rights impacts.

To carry out this exercise, some of the issues that had already been identified as relevant in the comprehensive review carried out in 2021 and that served as the starting point for the ACS Group's strategic thinking on sustainability (2025 Sustainability Master Plan) were taken up.

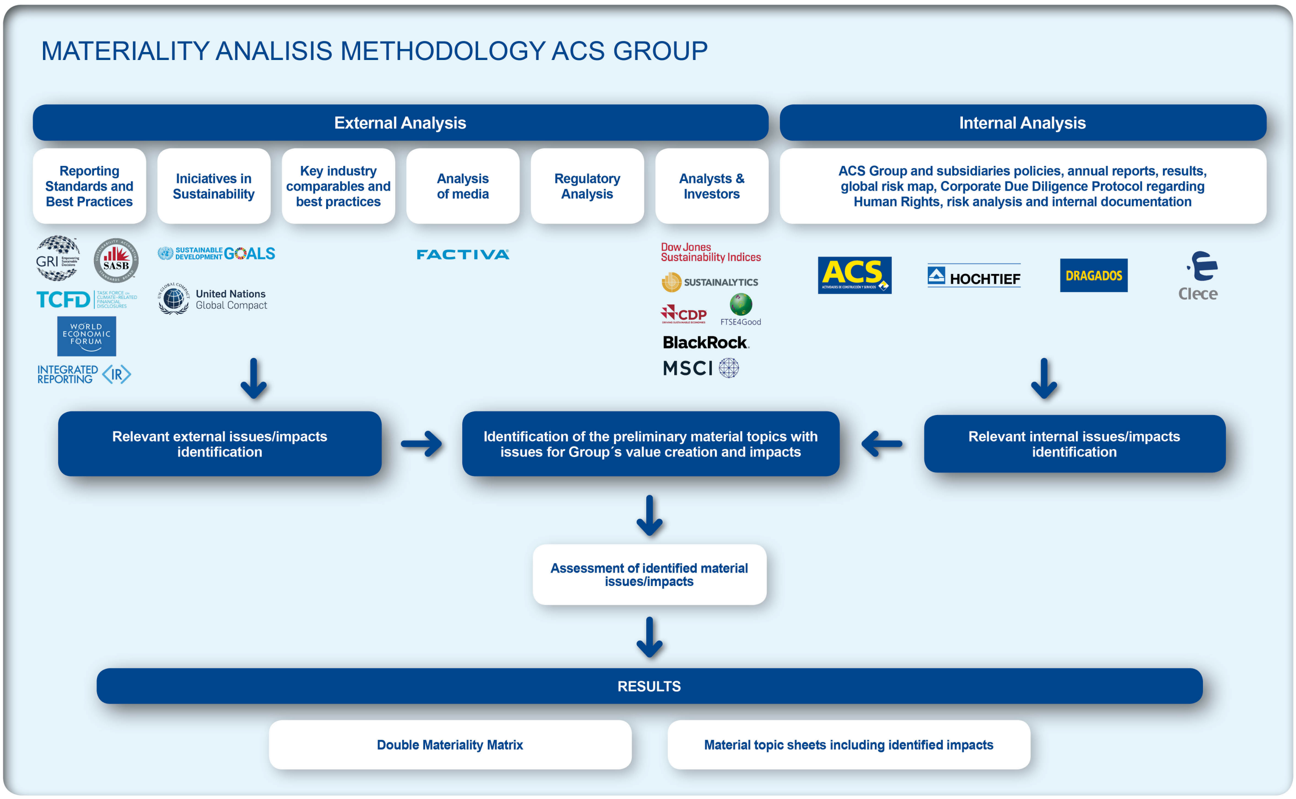
To identify the relevant matters and the sub-matters included in each of them, a verified methodology was used, structured in the following phases:

- **Analysis of external documentation:** review of public sources and international reference bodies to identify the main trends and challenges affecting the sector: reporting standards and best practices (GRI Sustainability Reporting Standards, TCFD, SASB, WEO, IR,...), sustainability initiatives (SDGs, Global Compact), as well as a regulatory analysis. In addition, from an external perspective, the main aspects assessed by investors in financial and non-financial matters, an analysis of means and an analysis of the reporting of several comparable companies in the sector were considered.
- **Analysis of internal documentation:** all documentation published by the ACS Group at both the corporate level and in the various Group companies (annual reports, external policies, internal policy frameworks, etc.) were taken into account.
- **Validation surveys with ACS Group Management teams:** these were held out both at the corporate level and in the various ACS Group companies to validate and assess the relevant tentative issues arising from the documentation analysis.
- **Analysis results**: identification of material topics for the ACS Group and its stakeholders, as well as the categorisation of these material topics through their external and internal importance.

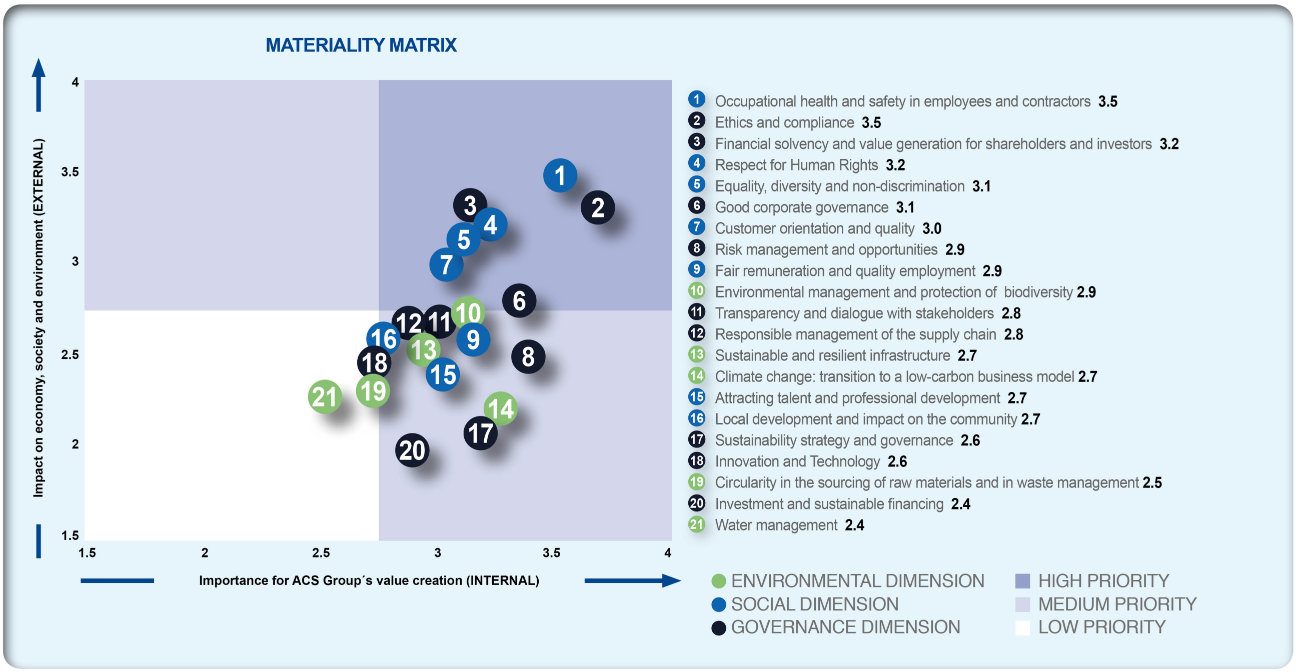
To present this 2022 report, this analysis was updated, including as a more relevant point the consideration of impacts on the Group's materiality matrix through the following points:

- **Identification of impacts** that the performance of the ACS Group's activities may have on the economy, the environment and people, including impacts on human rights and their framing within each of the material topics identified in 2022. Both external documentation (sustainability initiatives and regulatory analysis) and internal policies and other publications developed by both the Group's parent and other companies, including human rights due diligence protocols and risk matrices, were analysed to identify these impacts. The preliminary impacts identified were grouped together within each of the material matters already identified by the Group.
- **Surveys to validate, contrast and assess the initial impacts identified.** Various ACS Group departments took part in these surveys, as well as investors, analysts, banks and other funders.
- **Analysis results:** identification and ranking of the material impacts that the performance of the activity may have through its activity in the economy, the environment and society, including the impact on human rights.

In addition, the materiality analysis in relation to the creation of value for the ACS Group was completed, extending the comparison surveys carried out by including the opinions and assessment of investors, analysts, banks and other funders.



The results of weighting, by means of an arithmetic mean, the topics identified both at an internal (creation of value for the Group) and external (impacts of the ACS Group's activity) level were used to design a materiality matrix representing the results obtained in accordance with their external and internal relevance, identifying and ranking twenty-one relevant issues for the ACS Group, which are described below:



The twenty-one material issues identified in the materiality matrix have been ordered in a hierarchy according to their overall relevance, as shown in the following table:

GLOBAL IMPORTANCE (EXTERNAL+INTERNAL)

	Material issue	TOTAL
1	Occupational health and safety in employees and contractors	3.5
2	Ethics and compliance	3.5
3	Financial solvency and value generation for shareholders and investors	3.2
4	Respect for Human Rights	3.2
5	Equality, diversity and non-discrimination	3.1
6	Good corporate governance	3.1
7	Customer orientation and quality	3.0
8	Risk management and opportunities	2.9
9	Fair remuneration and quality employment	2.9
10	Environmental management and protection of biodiversity	2.9
11	Transparency and dialogue with stakeholders	2.8
12	Responsible management of the supply chain	2.8
13	Sustainable and resilient infrastructure	2.7
14	Climate change: transition to a low-carbon business model	2.7
15	Attracting talent and professional development	2.7
16	Local development and impact on the community	2.7
17	Sustainability strategy and governance	2.6
18	Innovation and Technology	2.6
19	Circularity in the sourcing of raw materials and in waste management	2.5
20	Investment and sustainable financing	2.4
21	Water management	2.4

● ENVIRONMENTAL DIMENSION ● SOCIAL DIMENSION ● GOVERNANCE DIMENSION

The progress in the methodology to define the materiality matrix that was carried out this year, moving to a double-materiality approach also considering the impacts on society and the environment, has significantly impacted on the ranking of the global relevance of the issues identified with regard to 2021, in which the data were presented based only on their importance for the creation of the Group.

	2021	2022		
	Value creation importance (Internal)	Value creation importance (Internal)	Impact on society and enviroment (External)	Global
1	Ethics and compliance	Ethics and compliance	Occupational health and safety in employees and contractors	Occupational health and safety in employees and contractors
2	Occupational health and safety in employees and contractors	Occupational health and safety in employees and contractors	Ethics and compliance	Ethics and compliance
3	Climate change: transition to a low-carbon business model	Risk management and opportunities	Financial solvency and value generation for shareholders and investors	Financial solvency and value generation for shareholders and investors
4	Risk management and opportunities	Good corporate governance	Respect for Human Rights	Respect for Human Rights
5	Good corporate governance	Climate change: transition to a low-carbon business model	Equality, diversity and non-discrimination	Equality, diversity and non-discrimination
6	Sustainability strategy and governance	Sustainability strategy and governance	Customer orientation and quality	Good corporate governance
7	Environmental management and protection of biodiversity	Respect for Human Rights	Good corporate governance	Customer orientation and quality
8	Equality, diversity and non-discrimination	Financial solvency and value generation for shareholders and investors	Responsible management of the supply chain	Risk management and opportunities
9	Respect for Human Rights	Equality, diversity and non-discrimination	Fair remuneration and quality employment	Fair remuneration and quality employment
10	Fair remuneration and quality employment	Environmental management and protection of biodiversity	Environmental management and protection of biodiversity	Environmental management and protection of biodiversity
11	Transparency and dialogue with stakeholders	Fair remuneration and quality employment	Transparency and dialogue with stakeholders	Transparency and dialogue with stakeholders
12	Financial solvency and value generation for shareholders and investors	Customer orientation and quality	Local development and impact on the community	Responsible management of the supply chain
13	Sustainable and resilient infrastructure	Transparency and dialogue with stakeholders	Sustainable and resilient infrastructure	Sustainable and resilient infrastructure
14	Investment and sustainable financing	Attracting talent and professional development	Risk management and opportunities	Climate change: transition to a low-carbon business model
15	Customer orientation and quality	Sustainable and resilient infrastructure	Innovation and Technology	Attracting talent and professional development
16	Attracting talent and professional development	Investment and sustainable financing	Attracting talent and professional development	Local development and impact on the community
17	Local development and impact on the community	Responsible management of the supply chain	Circularity in the sourcing of raw materials and in waste management	Sustainability strategy and governance
18	Responsible management of the supply chain	Local development and impact on the community	Water management	Innovation and Technology
19	Circularity in the sourcing of raw materials and in waste management	Innovation and Technology	Climate change: transition to a low-carbon business model	Circularity in the sourcing of raw materials and in waste management
20	Innovation and Technology	Circularity in the sourcing of raw materials and in waste management	Sustainability strategy and governance	Investment and sustainable financing
21	Water management	Water management	Investment and sustainable financing	Water management

ENVIRONMENTAL DIMENSION
SOCIAL DIMENSION
GOVERNANCE DIMENSION

In the coming years the ACS Group will continue to make progress in analysing their materiality, impacting on the approach to the impacts generated by the Group both at the financial level as well as on society and the environment, through improvements in methodology and the inclusion of new stakeholders.

The issues identified as relevant, the specific sub-issues assessed and the risks and impacts associated with the Integrated Report, as well as the management policies and approach of the ACS Group, are as follows:

Local development and impact on the community

DESCRIPTION AND SUB-TOPICS

Development of necessary actions to generate a positive impact on the local communities in which the Group operates, associated with its operations or social action projects. To this end, it is essential to involve the community and promote the local business fabric, job generation and social dialogue.

- Economic and social progress of the countries in which the Group operates
- Value generated, retained and distributed
- Employees and local indirect recruitment
- Social action strategy and sponsorships
- Zero kilometre products
- Contributions to foundations and non-profit entities
- Corporate volunteering
- Measurement of impact on the Company

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | **Renamed** | New

BUSINESS

STAKEHOLDER

CUSTOMERS	**EMPLOYEES**	**SOCIETY**
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

As a result of its vision, the ACS Group is committed to the economic and social progress of the countries in which it operates. It is also estimated that numerous European funds are earmarked for socially responsible infrastructure, so the positive impact caused in the company will be decisive in attracting new financing flows.

➢ Associated risk Risk Map: Impact on the economic-social environment

Risks:
- Increase in costs associated with activities.
- Reputation risks
- Statutory breach

Opportunities:
- Reputational improvement
- Life cycle analysis: cost savings and efficiency improvements
- Competitive differentiation

Main impacts (potential/actual) on the environment and society (positive/negative) identified:

- Economic and social progress of the countries in which the Group operates
- Development of local communities.
- Value generated, retained and distributed for the Company.
- Social action in the community.
- Contributions to foundations and non-profit entities
- Corporate volunteering actions.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Environmental policy
- Risk control policy
- Diversity Policy
- Policy Governing Community Investments, Sponsorship, Patronage, and Charitable Giving
- Talent Development and Assessment Policy
- Human Rights Policy

Environmental management and protection of biodiversity

DESCRIPTION AND SUB-TOPICS

Companies have a dual relationship of reliance and impact on the natural environment. Therefore, the mitigation of impacts on biodiversity and natural resources is indispensable during the development of the Group's projects and operations, establishing an assessment of ecosystem services that affect the company.

- Protection of biodiversity
- Measurement of natural capital
- Protected natural spaces
- Ecosystem restoration
- Application of the precautionary and pollution prevention principles
- Environmental Protection
- Environmental Management System
- Audits and certifications

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | Renamed | New

BUSINESS

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The conservation and protection of biodiversity has become one of the main environmental challenges faced by companies. The natural environment is one of the main allies in the fight against climate change in addition to being a support for the economy, providing the natural resources on which the activity of the companies is based.

➢ Associated risks Risk Map: Regulatory/Compliance breach, reputational risks, and Environment and Circular Economy

Risks:

- Loss of ecosystem services
- Reduction in economic growth
- Statutory breach
- Litigation and environmental sanctions

Opportunities:

- Mitigation and adaptation to climate change
- Sustainable investment
- Competitive advantages
- Optimisation of consumption

Main impacts (potential/actual) on the environment and society (positive/negative) identified:

- Environmental protection and biodiversity in projects and activities carried out through the application of the precautionary and pollution prevention principles.
- Impact on natural resources, especially soil and water, in ACS Group operations.
- Pollution from its operations that does not affect the health of its workers and the local community.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- Environmental policy

Attracting talent and professional development

DESCRIPTION AND SUB-TOPICS

The complexity of the sectors in which ACS Group companies operate makes it necessary to identify key profiles and launch attraction and talent development plans that respond to the new needs of the company.

- Need for specialised talent: increasingly skilled workforce
- Total and voluntary turnover rate
- Labour climate surveys.
- Employee satisfaction and commitment
- Internal promotions and intra-group transfers
- Professional development and career plans
- Performance evaluation
- Training programmes and investment
- Training adapted to employees (hard and soft skills)

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | Renamed | New

BUSINESS

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

Socio-economic changes and the increased complexity of projects require more training for employees. Therefore, professional skills must be defined for sound business management and supported by programmes that allow them to be developed.

➢ Associated risks Risk Map: Attracting and retaining talent and employment relationships.

Risks:

- Loss of competition in the market
- High employee turnover
- Loss of talent

Opportunities:

- Reputational improvement
- Increase in employee commitment
- Development of corporate values

Main impacts (potential/actual) on the environment and society (positive/negative) identified:

- Investment in training and professional development of workers to improve society.
- Work-life balance.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Code of Conduct for Business Partners
- Human Rights Policy
- Diversity Policy
- Information Security Policy
- Remuneration Policy
- Talent Development and Assessment Policy
- Risk Control Policy

Occupational health and safety in employees and contractors

DESCRIPTION AND SUB-TOPICS

Implementation of the measures necessary to ensure maximum health conditions and safety at work for both employees and contractors. Maintaining a preventive approach, establishing commitments, allocating resources and implementing measures and programmes aimed at the prevention and minimisation of occupational risks, establishing protective measures that enable the reduction of occupational accidents.

- Entorno de trabajo seguro y saludable
- Accidentes y enfermedades laborales
- Prevención de riesgos laborales Inversión en seguridad y salud
- Sistema de seguridad y salud en el trabajo y certificaciones
- Formación en materias de seguridad y salud
- Índices de siniestralidad
- Tasa de absentismo
- Monitorización de aspectos de seguridad y salud en la cadena de suministro
- Cumplimiento de legislación y compromisos voluntarios en materia de seguridad y salud

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

Ensuring occupational safety and health among employees and contractors is a key aspect in the sector. Occupational accident rates in the infrastructure sector are higher than in other sectors, negatively affecting the perception of stakeholders. Therefore, the ACS Group manages the risks and promotes a safe and healthy working culture and environment through action plans, which establish prevention and monitoring measures with specific targets.

➢ Associated risk Risk Map: Health and safety, occupational risk prevention risks.

Risks:
- High accident and occupational disease rates
- Loss of employee productivity
- Reputation risks

Opportunities:
- Reduction in operational costs
- Leadership position in health and safety
- Improved employee satisfaction.

Main impacts (potential/actual) on the environment and society (positive/negative) identified:
- Prevention of occupational risks in work spaces, as well as health promotion outside the work environment.
- Promotion of occupational health and safety in the general economy through the monitoring of health and safety aspects in the supply chain.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- Occupational Health and Safety Policy
- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Code of Conduct for Business Partners
- Human Rights Policy
- Risk Control Policy

Climate change: transition to a low-carbon business model

DESCRIPTION AND SUB-TOPICS

The fight against climate change requires companies to transform their business model towards a low-carbon economy. In this regard, the construction sector is one of the most carbon-intensive and to meet the challenges of the climate emergency, companies must adapt their processes and, in particular, their output, in order to contribute to new models that encourage decarbonisation and the reduction of GHG emissions.

- Climate strategy and decarbonisation of the business
- Climate neutrality
- Management of risks and opportunities arising from climate change Measures to adapt to and mitigate climate change
- Analysis of climate scenarios
- Use of alternative fuels
- Carbon calculation and emission offsetting
- Energy efficiency and reduction of GHG emissions
- Promotion of renewable energy sources and divestment of carbon-intensive assets
- Setting an internal carbon price
- Certificate of emissions and energy consumption

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

Companies face the need to design appropriate strategies to address climate change. While most companies focus on the risks associated with climate change, some seek to identify and take advantage of the business opportunities associated with this global challenge. The ACS risk map identifies the specific risks related to climate change (physical and transition risks) based on the relevance they may have for the development of the Company's activity.

➢Associated risk Risk Map: Climate change and energy efficiency

Risks:
- Increase in cost overruns.
- Reputation risks
- Regulatory restrictions and sanctions

Opportunities:
- Improvement in the efficiency of the Company's processes.
- Increased response to customer needs.
- Cost savings.

Main impacts (potential/actual) identified on the environment and society (positive/negative):
- Contribution to the decarbonisation of the economy and climate neutrality.
- Development of resilient infrastructure adapted to climate change.
- Measures to adapt and mitigate infrastructures and the economy in general to climate change.
- Measures that increase the energy efficiency of the projects and services offered and reduce GHG emissions

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Code of Conduct for Business Partners
- Human Rights Policy
- Environmental policy
- Risk Control Policy

Ethics and compliance

DESCRIPTION AND SUB-TOPICS

Compliance with current national and international law in the countries in which the Group operates, as well as the specific commitments entered into voluntarily by the organisation. It also established guidelines to ensure ethical conduct in those unregulated business areas. Rejection of corruption, fraud, bribery and anti-competitive practices in the conduct of business

- Compliance with the law, internal regulations and commitments made by the Group
- Penalties and fines received
- Prevention of criminal risk
- Measures to combat corruption, bribery and anti-competitive practices
- Prevention of money laundering
- Conflicts of interest
- Political contributions
- Code of Conduct and whistleblower channel/ethics channel
- Ethical conduct and integrity

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The lack of a preventive framework to prevent inappropriate conduct, even if it does not entail a legal breach, may compromise the Group's image. Organisations need to have the appropriate control mechanisms to guarantee the highest ethical standards from any natural or legal person acting on behalf of the ACS Group.

➢ Associated risks Risk Map: Regulatory/Compliance and Reputational breach

Risks:

- Regulatory breach with the possibility of economic or criminal sanctions
- Reputation risks
- Conflict with stakeholders

Oportunidades:

- Minimisation of criminal offences
- Strengthening the corporate image

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Fostering stronger institutions through the fight against corruption, bribery and anti-competitive practices.
- Compliance with the law and internal codes that may affect social/environmental aspects.
- Transparency and non-discrimination in the processes of awarding contracts in which the Group participates.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- The ACS Group's Code of Conduct
- Code of Conduct for Business Partners
- Competition Policy and Compliance Protocol
- Enforcement and anti-bribery policy
- Treasury Stock Policy, Rules of Conduct in the Stock Exchange

Responsible management of the supply chain

DESCRIPTION AND SUB-TOPICS

Ensuring that the company's suppliers and contractors comply with their commitments and expectations through awareness-raising through established ethical and environmental principles. This management must be carried out through the dissemination and application of environmental, social and governance (ESG) criteria in business relationships with third parties.

- Approval and selection of suppliers
- Code of Conduct for business partners
- Supply chain impact management
- Training of suppliers
- Due diligence (financial and non-financial) in the supply chain
- Inclusion of ESG criteria in supply chain management
- ESG clauses to suppliers

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The management systems responsible for suppliers and contractors allow for the mitigation of the potential risks associated with the supply chain, improving processes and working conditions, and creating opportunities and lasting relationships of trust. Otherwise, the failure to implement a responsible management system might pose significant legal and operational risks for the Group.

➢ Associated risk Risk Map: Purchases/Subcontracting

Risks:

- Increase in costs associated with activities.
- Loss of market share
- Loss of license to operate

Opportunities:

- Reputational improvement
- Competitive differentiation
- Increase in supplier and contractor loyalty

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Value creation in the local economy.
- Management of the environmental and social impact of the supply chain.
- Promotion of sustainable practices throughout the economy through the inclusion of ESG criteria and clauses in supply chain management.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Human Rights Policy
- Corporate Protocol on Due Diligence in regard to Human Rights
- Environmental policy
- Risk Control Policy
- Code of Conduct Business Partners

Sustainable and resilient infrastructure

DESCRIPTION AND SUB-TOPICS

The risks arising from climate change, the scarcity of natural resources and the state and social context in the territory increase the demand for sustainable infrastructure. Since a significant percentage of GHG emissions come from buildings, developing more energy-efficient infrastructure contributes to climate change mitigation.

- Environmentally friendly infrastructure
- Sustainable construction and BREEAM, LEED, etc. certifications
- Energy efficiency in buildings and infrastructure
- Renovation and reconditioning of buildings
- Durability and resilience of construction materials and designs
- Resilience of infrastructure to extreme weather events
- Smart infrastructure
- Connectivity of infrastructure
- Sustainable product certificates
- Product environmental footprint

DESCRIPTION OF THE MATERIAL TOPIC

Maintained

BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS | EMPLOYEES | SOCIETY

SUPPLIERS AND CONTRACTORS

REGULATORY AUTHORITIES

SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS

ASSOCIATED RISKS AND OPPORTUNITIES

The design and execution of resilient infrastructure, in addition to granting recognition and leadership, make it possible to provide safer services that better withstand extreme weather events and mitigate the effects of natural threats on society and its economy.

➢ Associated risk Risk Map: Loss of market competitiveness and innovation capacity.

Risks:
- Loss of competitiveness
- Physical risks arising from climate change
- Reputational damage
- Loss of profitability

Opportunities:
- Reduction of the environmental footprint
- Adaptation to climate change
- Economic growth
- Reduction of inequalities

Main impacts (potential/actual) identified on the environment and society (positive/negative):
- Environmentally friendly infrastructure
- Energy efficiency in buildings and infrastructure that help reduce consumption over its useful life
- Durability and resilience of construction materials and designs
- Resilience of infrastructure to extreme weather events

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- Environmental policy
- Construction Materials Policy
- Risk Control Policy

Respect for Human Rights

DESCRIPTION AND SUB-TOPICS

The protection, promotion and respect for Human Rights in the Company's direct and indirect operations, through the development of due diligence processes that prevent and mitigate the associated risks and their monitoring.

- Strict compliance with Human Rights
- Adherence to covenants and compliance with international conventions/treaties
- Voluntary business commitments in relation to Human Rights
- Protection of indigenous peoples and local communities
- Human Rights risk identification processes in direct transactions and value chain
- Eradication of child and forced labour
- Risk mitigation plans associated with compliance with Human Rights
- Systems that guarantee respect for Human Rights (policies, channels)
- Reports of cases of Human Rights violations

DESCRIPTION OF THE MATERIAL TOPIC

Maintained

BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS | EMPLOYEES | SOCIETY

SUPPLIERS AND CONTRACTORS

REGULATORY AUTHORITIES

SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS

ASSOCIATED RISKS AND OPPORTUNITIES

Violation of Human Rights poses a risk and requires the establishment of a procedure to identify, prevent, mitigate and report. The Company must address the impact of business activity on Human Rights in its operations, activities and services in all territories in which it operates. Respect for Human Rights presents opportunities such as the establishment of decent work, improving the economic growth in the area.

➢ Associated risks Risk Map: Regulatory/Compliance breach and violation of Human Rights

Risks
- Statutory breach
- Less operability
- Reputation risks

Opportunities:
- Establishment of secure commercial relationships
- Reputational improvement
- Growth and expansion into new markets

Main impacts (potential/actual) identified on the environment and society (positive/negative):
- Respect for human rights both in company activities and in those of business partners.
- Business commitments in relation to Human Rights
- Eradication of child and forced labour
- Protection of indigenous peoples and local communities

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Code of Conduct for Business Partners
- Human Rights Policy
- Corporate Protocol on Due Diligence in regard to Human Rights
- The Audit Committee Report

Investment and sustainable financing

DESCRIPTION AND SUB-TOPICS

Opening to new financing models based on ESG criteria in accordance with the requirements of financiers, analysts, and responsible investors, allowing companies to be key agents in the transition to a sustainable future.

- New financing models linked to sustainability (green bonds and loans)
- Classification of the portfolio with regard to ESG criteria (e.g: EU Taxonomy)
- Sustainable investment and attraction of new responsible investors
- Assessment of ESG analysts and investors
- Requirements for investors, shareholders and financiers with ESG criteria
- Investment/purchase/sale decision making taking into account sustainability criteria

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS | EMPLOYEES | SOCIETY

SUPPLIERS AND CONTRACTORS

REGULATORY AUTHORITIES

SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS

ASSOCIATED RISKS AND OPPORTUNITIES

The growing trend towards sustainability in financial markets opens up new investment flows that focus on ESG aspects. Therefore, sustainability performance allows the emergence of new sources of financing.

➢ Associated risk Risk Map: Inadequate investment strategy

Risks:
- Capital loss
- Loss of competitiveness

Opportunities
- Access to new forms of financing
- Irruption in new markets
- Reduced market volatility

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Reorientación de los flujos financieros hacia actividades más sostenibles que ayuden al objetivo de descarbonización de la economía e inversión en activos sostenibles.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- The ACS Group's Code of Conduct

Water management

DESCRIPTION AND SUB-TOPICS

Water is one of the most important resources for ACS Group operations. Its extraction, use and discharge can have a major impact on the environment. Therefore, it is necessary for the correct development of the Group's activities to identify and mitigate the water risks to which it is exposed, as well as the implementation of procedures for responsible management.

- Water consumption: reduction and efficient use of resources
- Availability and accessibility of water in the territory, especially in water stress areas
- Diversification of water collection sources
- Quality of water in harvesting and discharge
- Water purification/treatment and Water reuse and recycling
- Setting an internal price of water
- Calculation of the water footprint

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS | EMPLOYEES | SOCIETY

SUPPLIERS AND CONTRACTORS

REGULATORY AUTHORITIES

SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS

ASSOCIATED RISKS AND OPPORTUNITIES

The increasing pressure on water resources and the need to preserve the natural environment make their control and management indispensable. Therefore, it is important to promote the rational use of water and the development of infrastructure that contributes to its conservation, enabling the Group's activity to be carried out in a more sustainable and environmentally friendly manner.

➢ Associated risks Risk Map: Environment and circular economy and Risk control in tenders

Risks:
- Statutory breach
- Litigation and environmental sanctions
- Water scarcity and drought scenarios
- Inefficient use of water

Opportunities:
- Optimisation of consumption
- Reputational improvement by implementing good practices
- Reduction in production costs

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Availability and accessibility of water for local communities, minimising and efficient use of resources, especially in water stress areas.
- Universal and equitable access to drinking water.
- Improvement in the quality of water, reducing its discharge and pollution.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- Environmental policy

Circularity in the procurement of construction materials and in waste management

ACS

DESCRIPTION AND SUB-TOPICS

Methodologies, processes, technologies and good practices that make it possible to minimise the use of resources, increasing waste recovery.

- Traceability of the origin and destination of raw materials and waste
- Consumption of responsible-source and recycled raw materials (e.g.: conflict minerals)
- Efficient use of natural resources
- Innovation in the development of new building materials
- Waste management, segregation at the source and destination of waste, especially construction and demolition waste (CDW).
- Reuse/recycling rate, especially of CDW.
- Circular economy strategy

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The incorporation of circular concepts into the production model makes it possible to reduce the intensive use of natural resources and the high pressure on the environment. Resource optimisation also increases operational and financial efficiency, in addition to reducing the waste generated.

➢ Associated risk Risk Map: Environment and circular economy

Risks:

- Failure to comply with the ACS environment policy
- Reputation risks
- Statutory breach
- Inefficient use of raw materials or conflict minerals
- Increase in production costs

Opportunities:

- Reduction of risks arising from the purchase of raw materials
- Economic profitability

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Efficient use of natural resources
- Minimisation and responsible management of waste generated.
- Traceability of raw materials.

RELATED SDGS

6, 9, 12, 13, 14, 15

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- Environmental policy
- Construction Materials Policy
- Risk Control Policy

Equality, diversity and non-discrimination

ACS

DESCRIPTION AND SUB-TOPICS

Promotion of a working environment based on equal opportunities and diversity in all areas of the company, from staff selection processes to management and professional development programmes, applying fair and non-discriminatory criteria. Upholding non-discrimination based on gender , race, religion, age, sexual orientation, nationality.

- Equal opportunities for all
- Non-discrimination
- Protocols and channels against reporting discrimination and harassment
- Selection processes under equality and non-discrimination criteria
- Gender diversity
- Generational diversity
- Cultural diversity/race or ethnicity
- Presence of women in staff and retention and promotion of women in management positions
- Equality plans
- Multidisciplinary and diverse teams
- Wage gap

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

Ensuring equal and fair treatment of employees who are part of the Group is not only due to regulatory requirements but also to increasing demand from stakeholders. Ensuring the prevalence of these principles in people management programmes ensures a greater ability to attract and retain talent and improve their productivity.

➢ Associated risks Risk Map: Attracting and retaining talent and employment relationships.

Risks:

- Loss of key profiles for the organisation
- Reduction in economic growth
- Reputation risks

Opportunities:

- Increase in feeling of belonging
- Increase in efficiency
- Creation of more inclusive environments

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Promoting the social and economic inclusion of all individuals, regardless of age, gender, disability, race, ethnicity, origin, religion or economic status or other status.
- Ensuring women's full and effective participation and equal leadership opportunities at all decision-making levels.
- Protection of employees in the event of discrimination and harassment.
- Employment protection of people, especially those in vulnerable situations.

RELATED SDGS

5, 8, 10

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Human Rights Policy
- Diversity Policy
- Remuneration Policy
- Talent Development and Assessment Policy
- Risk Control Policy

Fair remuneration and quality employment

DESCRIPTION AND SUB-TOPICS

Establishment of measures (work-life balance. remuneration, flexible hours, etc.) within the company that allow the relationship with its employees to be improved in order to increase their satisfaction in the work environment.

- Group remuneration policy and incentives for employees linked to their performance
- Decent salary
- Remuneration and pay gap
- Work-life balance
- New forms of work
- Organisation of work time
- Digital disconnection and time flexibility
- Employee benefits
- Freedom of association and collective bargaining
- Positioning on maintaining jobs vs. Collective layoffs

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The creation of stable, dignified and fairly paid employment is a key aspect to be taken into account in the management of the Company's risks. It can led to a loss of productivity, competition and business profitability by generating a negative working environment and dissatisfaction among employees. On the other hand, providing quality employment increases employee satisfaction and sense of belonging.

➢ Associated risks Risk Map: Attracting and retaining talent and Labour relations

Risks:

- Loss of talent and key profiles
- High rate of employee turnover and absenteeism, and therefore inefficiency in human resources
- Reduction of feeling of belonging

Opportunities:

- Increased control and operational quality
- Efficient strategic planning of human resources
- Reputational improvement

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Employment creation and economic growth.
- Fair wage for work of equal value, without any distinctions that guarantee a decent existence for workers and their families.
- Occupational health and safety.
- Working conditions in accordance with international regulations and standards, respecting the right to freedom of association and collective bargaining.
- Reconciliation of family life and employment

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Remuneration Policy

Customer orientation and quality

DESCRIPTION AND SUB-TOPICS

Examining, managing, and responding to customers' expectations and needs to establish a product and service design methodology, based on offering the highest quality standards.

- Customer-oriented management
- Customer satisfaction
- Compliance with customer requirements
- Quality and safety of products and services
- Quality and safety systems and assessments
- Quality and safety product labelling
- Quality and safety certificates
- Claims management

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The organisation must act in accordance with quality standards, with the aim of identifying and meeting customers' needs and priorities. A bad assessment or a problem related to the health and safety of customers in the services provided results in potential risks for the Group, such as a decrease in sales and reputational risk.

➢ Associated risks Risk Map: Customer relations

Risks:

- Increase in costs associated with activities
- Reputation risks
- Reduction in activity

Opportunities:

- Reputational improvement
- Life cycle analysis: cost savings and efficiency improvements
- Competitive differentiation

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Management of the impact of the projects developed in environmental and social terms.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct

Good corporate governance

DESCRIPTION AND SUB-TOPICS

Set of rules, principles and procedures that regulate the structure and functioning of the Company's governing bodies, as well as the decision-making process to ensure the generation of shared value. The ACS Group has adopted a governance model composed of the General Shareholders' Meeting, the Board of Directors, and the Board's Delegated Committees, implementing the most demanding principles of corporate governance as a listed company.

- Structure and diversity of governing bodies
- Capital structure
- Regulations and policies of governing bodies
- Selection, professionalism, experience, training and independence of the Board
- Assessment of directors' performance
- Follow-up to the recommendations of Good Corporate Governance of reference entities
- Directors remuneration process

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The importance acquired in recent years by the appropriate and transparent management of listed companies for most stakeholders is essential for the success of the business. The difference in the return on equity in the medium term between well-governed and poorly governed companies is supported by empirical data. Good corporate governance is the basis for the operation of the markets and ensures the sustainable growth of the company, as it promotes credibility, stability and increases access to foreign credit. It includes the controls and balances that allow the highest governing body of the organisation to have adequate control and supervisory responsibilities over key business matters.

➢ Associated risk Risk Map: Management of the concession/service/project

Risks:

- Reputational risk before investors, shareholders and others
- Internal crisis and weak governance model
- Regulatory breach with the possibility of economic or criminal sanctions

Opportunities:

- Increasing the company's credibility and stability.
- It promotes access to foreign credit and ensures sustainable growth in the medium and long term.

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Promotion of equal leadership opportunities at all decision-making levels of economic and public life.
- Potential economic/social/environmental impacts arising from the proper/inadequate management of the Company.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- Remuneration of the Board of Directors
- Company By-laws
- General Shareholders Meeting By-Laws
- Rules of Conduct in the Stock Exchange
- The ACS Group's Social Action Policy
- Diversity Policy
- Enforcement and anti-bribery policy

Sustainability strategy and governance

DESCRIPTION AND SUB-TOPICS

Integrating environmental, social and governance (ESG) aspects into the business strategy as a key lever to PROMOTE the Group's objectives in the medium to long term. It encourages the development of sustainable solutions, including cross-cutting sustainability in company management and internal processes with defined responsible parties.

- Master Plan/Sustainability Strategy
- Sustainability Policy
- Integrating ESG aspects into business strategy
- Setting non-financial targets in the short/ medium term
- ESG governance model and performance monitoring
- Highest party responsible for Sustainability at the Company (e.g: Chief Sustainability Officer)
- Remuneration policy and variable remuneration linked to ESG targets

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The current economic model is in the process of transition to a sustainable economy, which makes the expectations of stakeholders much more demanding as regards sustainability. In this context, the growing need to adequately control and manage ESG matters requires a solid governance model for sustainability so as not to compromise the business objectives, monitoring the degree of progress in the ESG challenges that affect the company.

➢ Associated risk Risk Map: Regulatory/Compliance breach

Risks:

- Failure to adapt the business model
- Ineffective management of relevant aspects with the potential to affect the business
- Loss of competitiveness

Opportunities:

- Adequate response to the expectations of stakeholders and anticipation of new regulatory requirements.
- Development of new products and irruption in new markets.
- Public positions in key areas

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Potential social/environmental impacts arising from the proper/inadequate management of the Company.
- Contribution to the Group's Sustainable Development Goals (SDGs).
- Fulfilment of the Group's sustainability objectives, including social/environmental aspects.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

The ACS Group's Sustainability Policy

Risk management and opportunities

DESCRIPTION AND SUB-TOPICS

Identification, assessment and management of the risks and potential opportunities to which the Group is exposed, establishing the controls and follow-up models for their monitoring. The ACS Group has a risk control system to mitigate these risks and meet the targets set by the Board.

- Risk Management System and risk and opportunity map
- Identification and integration of financial and non-financial risk management
- Financial quantification of the implications of risks (financial and non-financial)
- Mechanisms to ensure the effectiveness of risk management processes
- Experience and training in risk management (governing bodies and employees)
- Crisis management
- Business continuity plan

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The geographical and business diversification of the ACS Group, together with its high operational decentralisation, makes the ACS Group exposed to numerous risks with the potential to directly impact the business. Therefore, an effective risk management and control system is necessary to ensure business resilience and compliance with the organisation's objectives.

➢ Associated risks Risk Map: Risk control in tenders

Risks:
- Impact on the Company's targets.
- Creation of uncertainty in the market and mistrust from analysts and investors
- Equity loss
- Vulnerability to emerging risks

Opportunities:
- Business stability
- Competitive advantages
- Reputational improvement
- Decision-making driver

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Potential economic/social/environmental impacts arising from adequate/inadequate Company management.

RELATED SDGS

N/A

MAIN POLICIES IMPLEMENTED

- General Risk Control and Management Policy
- ACS Sustainability Policy
- Human Rights Policy
- Information Security Policy
- Competition Compliance Policy and Protocol
- Enforcement and anti-bribery policy

Financial solvency and value generation for shareholders and investors

DESCRIPTION AND SUB-TOPICS

The ACS Group's business model seeks to ensure maximum profitability for its shareholders and investors while pursuing global leadership, positioning itself as one of the main agents in the sectors in which it operates. To this end, a sound financial structure is necessary.

- Economic performance and attributable results
- Profit and return
- Long-term value generation for shareholders and investors
- Market competition, differentiation and new competitors
- Business leadership
- Purchases and sales
- Business diversification and expansion into new markets (Internationalisation of the business)
- Share in Joint Ventures
- Public - Private Partnership (PPP)

DESCRIPTION OF THE MATERIAL TOPIC

Maintained	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

The increasingly competitive and global environment in which the ACS Group operates involves large capital needs to successfully implement its projects, sound financial management to meet the challenges of the future while seeking to maximise profitability for its shareholders.

➢ Associated risk Risk Map: Inadequate investment strategy and Debt

Risks:
- Financial risks (liquidity, credit, currency, etc.)
- Devaluation of shares
- Breach of the growth targets set

Opportunities:
- Profitability
- Leadership
- Improvement of reputation

Main impacts (potential/actual) identified on the environment and society (positive/negative):
- Generation of long-term economic value for shareholders and investors, as well as for local economies.
- Quality job creation.
- Contribution to economic growth and reduction of inequalities through compliance with tax obligations, tax transparency, taxation in income generating countries and cooperation with tax authorities.

RELATED SDGS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- General Risk Control and Management Policy
- Remuneration Policy

Transparency and dialogue with stakeholders

DESCRIPTION AND SUB-TOPICS

As part of the commitment to transparency in management, information from the Company is disclosed to stakeholders, with information being accessible, clear and truthful. Determining the sensitive information to be published, ensuring the veracity of the information provided and control over it has an impact on the Company's image. This transparency also requires stakeholders to make available the necessary channels of communication that make it possible to become aware of and respond to their expectations and thus establish relationships of trust with them.

- Strategy/Policy for communication with stakeholders
- Monitoring of financial and non-financial information
- Responsibilities and control points defined to ensure the quality of the information
- Verification of information
- Compliance with information disclosure requirements
- Communication channels with stakeholders
- Management of shareholder expectations
- Participation in institutions and associations

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

Impartial, responsible, consistent and full communication with stakeholders makes it possible to establish relationships of trust that increase loyalty, offering opportunities, such as the supply of shared value products and services, which directly affect the development of the business. The associated risks may include conflict with stakeholders and impairment of the corporate image, which may negatively affect the execution of projects and the provision of services.

➢ Associated risks Risk Map: Management and transparency in communicating relevant information to stakeholders (financial and non-financial)

Risks:

- Loss of trust
- Reduction in customer satisfaction
- Management of relations with stakeholders
- Loss of profitability

Opportunities:

- Protection of integrity
- Improvement of transparency
- Knowledge of customer needs

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Management of shareholder expectations
- Promoting accessible, clear and sufficient information for social actors and local communities whose rights may be affected by ACS projects.

RELATED SDGS

17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

MAIN POLICIES IMPLEMENTED

- Policy for Communication of economic-financial, non-financial and corporate information, and regarding Contacts and Relations with Shareholders and Other Stakeholders
- ACS Sustainability Policy
- Code of Conduct for Business Partners
- Human Rights Policy
- General Risk Control and Management Policy
- Corporate Tax Policy
- Environmental policy

Innovation and Technology

DESCRIPTION AND SUB-TOPICS

Improvement of operating processes through research and integration of technology that enable continuous improvement within the company, increasing the quality of the products offered and customer satisfaction.

- Innovation in the development of new products and services (in line with the new requirements: sustainability, innovation, digitalisation, etc.)
- Development of modern and innovative construction products and techniques (MMC)
- Investment in R&D+i
- Innovation for operational efficiency
- Building Information Modelling (BIM)
- Industry 4.0
- Intellectual property and patent management
- Innovation Hub

DESCRIPTION OF THE MATERIAL TOPIC

Maintained | BUSINESS

Renamed

New

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

ASSOCIATED RISKS AND OPPORTUNITIES

Technological changes take place at such a fast speed that they require companies to adapt to them, in some cases as a competitive advantage and, in others, as a need for survival. Technological development must contribute to the management of resources and the achievement of the Company's objectives based on sustainability and knowledge as a driver of development. Innovation enables ACS to acquire a leading position vis-à-vis other competitors. However, the absence of technological and innovation plans may led to a loss of competitiveness.

➢ Associated risks Risk Map: Loss of market competitiveness and innovation capacity.

Risks:

- Loss of efficiency
- Increase in competition
- Need for skilled labour

Opportunities:

- Increase in competitiveness
- Cost reduction
- Increase in the quality of services and products

Main impacts (potential/actual) identified on the environment and society (positive/negative):

- Development of more resilient, sustainable and secure infrastructure through new products and innovative construction techniques that contribute to improving the efficiency of the natural resources used and their durability.
- R&D+i investment providing lasting solutions to current economic and environmental challenges.

RELATED SDGS

9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA | 12 PRODUCCIÓN Y CONSUMO RESPONSABLES | 17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy

7.3. NON-FINANCIAL INFORMATION ANNEX

7.3.1. GRI CONTENTS

The non-financial information was reported with reference to the Global Reporting Initiative Standards.

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
GRI 1: Foundation 2021				
GRI 2: General Disclosures 2021				
The organization and its reporting practices	2-1 Organizational details	26-27		Yes (261-263)
	2-2 Entities included in the organization's sustainability reporting	26		Yes (261-263)
	2-3 Reporting period, frequency and contact point	9; 256		Yes (261-263)
	2-4 Restatements of information	217-218		Yes (261-263)
	2-5 External assurance	261-263		Yes (261-263)
Activities and workers	2-6 Activities, value chain and other business relationships	167-168		Yes (261-263)
	2-7 Employees	121-123		Yes (261-263)
	2-8 Workers who are not employees	141		Yes (261-263)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Governance	2-9 Governance structure and composition	18-19; 211-212		Yes (261-263)
	2-10 Nomination and selection of the highest governance body	218		Yes (261-263)
	2-11 Chair of the highest governance body	18-19		Yes (261-263)
	2-12 Role of the highest governance body in overseeing the management of impacts	211-212		Yes (261-263)
	2-13 Delegation of responsibility for managing impacts	211-212		Yes (261-263)
	2-14 Role of the highest governance body in sustainability reporting	213		Yes (261-263)
	2-15 Conflicts of interest	210		Yes (261-263)
	2-16 Communication of critical concerns	153-154		Yes (261-263)
	2-17 Collective knowledge of the highest governance body	211		Yes (261-263)
	2-18 Evaluation of the performance of the highest governance body	212		Yes (261-263)
	2-19 Remuneration policies	210		Yes (261-263)
	2-20 Process to determine remuneration	210		Yes (261-263)
	2-21 Annual total compensation ratio	The ratio between the total remuneration of the CEO and the average remuneration of the Group's employees is 103.4 times.		Yes (261-263)
Strategy and policies	2-22 Statement on sustainable development strategy	37-38		Yes (261-263)
	2-23 Policy commitments	143-150		Yes (261-263)
	2-24 Embedding policy commitments	143-151		Yes (261-263)
	2-25 Processes to remediate negative impacts	147-148		Yes (261-263)
	2-26 Mechanisms for seeking advice and raising concerns	153-154		Yes (261-263)
	2-27 Compliance with laws and regulations			
	2-28 Membership associations	157		Yes (261-263)
Stakeholder engagement	2-29 Approach to stakeholder engagement	156-157		Yes (261-263)
	2-30 Collective bargaining agreements	132		Yes (261-263)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	218-221		Yes (261-263)
	3-2 List of material topics	222-232		Yes (261-263)
Ethics and Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	225; 143-155		Yes (261-263)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	145		Yes (261-263)
	205-2 Communication and training on anti-corruption policies and procedures	151		Yes (261-263)
	205-3 Confirmed incidents of corruption and actions taken	No cases of corruption were detected in 2022		Yes (261-263)
GRI 206: Anti-unfair competition 2016	206-1 Legal actions relating to anti-competitive behaviour, anti-trust and monopoly practices	3 cases of ongoing lawsuits and one case closed		Yes (261-263)
Occupational health and safety for employees and contractors				
GRI 3: Material Topics 2021	3-3 Management of material topics	224; 134-142		Yes (261-263)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	134-135		Yes (261-263)
	403-2 Hazard identification, risk assessment and incident investigation	134-135; 142		Yes (261-263)
	403-3 Occupational health services	137		Yes (261-263)
	403-4 Workers' participation, consultation and communication of occupational health and safety	132		Yes (261-263)
	403-5 Occupational Health and Safety training	138		Yes (261-263)
	403-6 Promotion of worker health	137		Yes (261-263)
	403-7 Prevention and mitigation impact on the health and safety of workers directly linked by business relationships	141-142		Yes (261-263)
	403-8 Workers covered by an occupational health and safety management system	135		Yes (261-263)
	403-9 Work-related injuries	139; 243-244		Yes (261-263)
	403-10 Occupational illnesses	140; 243-244		Yes (261-263)
G4 Sector Disclosure: Construction and Real Estate	CRE6 Percentage of the organisation that operates in accordance with internationally recognised and verified health and safety management systems	135		Yes (261-263)
Climate change: transition to a low-carbon business model				
GRI 3: Material Topics 2021	3-3 Management of material topics	224; 95-105		Yes (261-263)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	102		Yes (261-263)
	305-2 Energy indirect (scope 2) GHG emissions	102		Yes (261-263)
	305-3 Other indirect (scope 3) GHG emissions	102		Yes (261-263)
	305-4 GHG emissions intensity	102		Yes (261-263)
	305-5 Reduction of GHG emissions	102; 105		Yes (261-263)
	305-6 Emissions of ozone-depleting substances (ODS)	241		Yes (261-263)
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	241		Yes (261-263)
G4 Sector Disclosure: Construction and Real Estate	CRE3 Greenhouse gas emissions intensity from buildings.	Complete information on this indicator is not available	Only partial information on this content is included: pg 102	Yes (261-263)
	CRE4 Greenhouse gas emission intensity from new construction and restoration activities	102		Yes (261-263)
Risk and opportunity management				
GRI 3: Material Topics 2021	3-3 Management of material topics	231; 46-49		Yes (261-263)
Good Corporate Governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	230; 208-213		Yes (261-263)
Sustainability strategy and governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	230; 37-39; 213		Yes (261-263)
Environmental management and biodiversity protection				
GRI 3: Material Topics 2021	3-3 Management of material topics	223; 94; 117-118		Yes (261-263)
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental legislation and regulations	120		Yes (261-263)
GRI 304: Biodiversity	304-1 Operations centers owned, leased or managed located within or next to protected areas or areas of great value for biodiversity outside protected areas	117		Yes (261-263)
	304-2 304-2 Significant impacts of activities, products and biodiversity services	117		Yes (261-263)
	304-3 Protected or restored habitats	117		Yes (261-263)
	304-4 Species on the IUCN Red List and on national conservation lists whose habitats are in areas affected by operations	Complete information on this indicator is not available		No

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Sector Disclosure: Construction and Real Estate	CRE5 Soils that have been remediated and that need remediation due to existing or expected land uses, according to applicable legal requirements			No
Equality, diversity and non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	230; 129-132		Yes (261-263)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity in governing bodies and employees	124;129; 131		Yes (261-263)
	405-2 Ratio of basic salary and remuneration of women vs. men	132		Yes (261-263)
GRI 405: Non discrimination 2016	406-1 Cases of discrimination and corrective actions taken	156		Yes (261-263)
Respect for Human Rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	228; 148-149		Yes (261-263)
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	149		Yes (261-263)
	412-2 Training employees on human rights policies or procedures	153		Yes (261-263)
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	148-149		Yes (261-263)
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	134; 148-149; 171		Yes (261-263)
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	148-149; 171		Yes (261-263)
Fair remuneration and quality employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	229; 129-132		Yes (261-263)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	122-123;242		Yes (261-263)
	401-2 Benefits for full-time employees that are not provided to part-time or temporary employee	Companies representing 94.23% of ACS Group employees state that they have social benefits for full-time employees which are not offered to temporary or part-time employees, mainly related to insurance.		No
	401-3 Parental leave	131		Yes (261-263)
Transparency and dialogue with stakeholders				
GRI 3: Material Topics 2021	3-3 Management of material topics	231; 156-157		Yes (261-263)
Financial solvency and generation of value for shareholders and investors				
GRI 3: Material Topics 2021	3-3 Management of material topics	232; 40-41; 44-45		Yes (261-263)
Sustainable and resilient infrastructures				
GRI 3: Material Topics 2021	3-3 Management of material topics	226;106-107		Yes (261-263)
GRI 302: Energy 2016	302-2 Energy consumption outside the organisation	108		Yes (261-263)
	302-2 Energy consumption outside the organisation	108		Yes (261-263)
	302-3 Energy intensity	108		Yes (261-263)
	302-4 Reduction in energy consumption	108		Yes (261-263)
	302-5 Reduction in energy requirements for products and services	106-108		Yes (261-263)
	CRE1 Building energy intensity	Complete information on this indicator is not available	Only partial information collected: pages 106-107	No
	CRE8 Type and number of sustainability certifications, ratings or labels for new construction, management, occupancy, or retrofitting	106-107		Yes (261-263)
Sustainable investment and financing				
GRI 3: Material Topics 2021	3-3 Management of material topics	227; 182-184		Yes (261-263)
Customer focus and quality				
GRI 3: Material Topics 2021	3-3 Management of material topics	229; 173-174,		Yes (261-263)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Talent attraction & professional development				
GRI 3: Material Topics 2021	3-3 Management of material topics	223; 124-126		Yes (261-263)
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	126		Yes (261-263)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	124-126		Yes (261-263)
	404-3 Percentage of employees receiving regular performance and career development reviews	125		Yes (261-263)
Local development and community impact				
GRI 3: Material Topics 2021	3-3 Management of material topics	202; 153-159		Yes (261-263)
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	25.8%		No
	413-2 Operations with significant potential impacts or actual negative impacts on local communities	0		No
G4 Sector Disclosure: Construction and Real Estate	CRE7 Number of persons voluntarily or unintentionally displaced or resettled, broken down by project	Not available		No
Responsible supply chain management				
GRI 3: Material Topics 2021	3-3 Management of material topics	225; 167-170		Yes (261-263)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	168		Yes (261-263)
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	169-170		Yes (261-263)
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	169-170		Yes (261-263)
	414-2 Negative social impacts in the supply chain and actions taken	0		Yes (261-263)
Circularity in construction materials sourcing and waste management				
GRI 3: Material Topics 2021	3-3 Management of material topics	224;110-114		Yes (261-263)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	111		Yes (261-263)
	301-2 Recycled inputs	111		Yes (261-263)
	301-3 Reused products and packaging materials	111		Yes (261-263)

GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	112-113		Yes (261-263)
	306-2 Management of significant waste-related impacts	112-113		Yes (261-263)
	306-3 Generated waste	112-113		Yes (261-263)
	306-4 Wastes not for disposal	113		Yes (261-263)
	306-5 Waste for disposal	113		Yes (261-263)
Innovation & Technology				
GRI 3: Material Topics 2021	3-3 Management of material topics	232; 178-181		Yes (261-263)
Water management				
GRI 3: Material Topics 2021	3-3 Management of material topics	227;115-116		Yes (261-263)
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	115-116		Yes (261-263)
	303-2 Management of water discharge-related impacts	115-116		Yes (261-263)
	303-3 Water withdrawal	115		Yes (261-263)
	303-4 Water discharge	115		Yes (261-263)
	303-5 Water consumption	115		Yes (261-263)
Sector Disclosure: Construction and Real Estate	CRE2 Building water intensity	Complete information on this indicator is not available	Only partial information on this indicator is collected page 115	No

7.3.2. ADDITIONAL INDICATORS

ENVIRONMENT

Other atmospheric emissions (kg)	2021	2022
Amount of significant atmospheric emissions, in kg of NOx.	1,377,494	**1,301,143**
Amount of significant atmospheric emissions, in kg of SOx.	1,070	**1,336**
Amount of significant atmospheric emissions, in kg of other significant atmospheric emissions.	200,480	**202,465**

For the calculation of significant air emissions of NOx, SOx and other (NMVC), the fuel, electricity and kilometres travelled conversion factors of the European Environment Agency (EEA) published in 2019 were used as a reference.

Energy consumption by source	2019	2020	2021	2022
Total ACS Group				
Petrol + Diesel (million liters)	1,189.2	134.0	141.8	**130.6**
Liquefied Petroleum Gas (million liters)	1.17	3.16	5.65	**7.08**
Natural Gas (kWh)	40,653,763	36,249,837	58,408,321	**170,894,104**
Biofuel (million liters)	0.73	0.02	1.53	**0.44**
Electricity (MWh)	574,170	226,505	293,521	**293,250**
Electricity from renewable sources (MWh)	63,323	51,651	70,556	**57,979**

Note: Since 2020, data restated for Industrial Services sale and Thiess' 50% participation

Energy consumption by source	2021	2022
Construction		
Petrol + Diesel (million liters)	138.12	126.36
Liquefied Petroleum Gas (million liters)	4.69	5.87
Natural Gas (kWh)	25,321,394	149,970,245
Biofuel (million liters)	1.53	0.44
Electricity (MWh)	256,567	261,348
Electricity from renewable sources (MWh)	39,969	28,905
Concessions		
Petrol + Diesel (million liters)	0.27	0.14
Liquefied Petroleum Gas (million liters)	0.54	0.62
Natural Gas (kWh)	343,674	264,342
Biofuel (million liters)	0.0	0.0
Electricity (MWh)	569	571
Electricity from renewable sources (MWh)	236	238
Services		
Petrol + Diesel (million liters)	3.38	4.10
Liquefied Petroleum Gas (million liters)	0.42	0.59
Natural Gas (kWh)	32,743,253	20,659,517
Biofuel (million liters)	0.0	0.0
Electricity (MWh)	36,385	31,332
Electricity from renewable sources (MWh)	30,351	28,836

PEOPLE

	2019	2020	2021*	2022
Total number of employees	**190,431**	**179,539**	**122,502**	**128,721**
Of the reported number of employees, number of men	111,308	103,507	51,488	55,727
Of the reported number of employees, number of women	79,123	76,032	71,014	72,994
Of the reported employees, number of employees with ages < 35 years old	47,366	47,111	27,378	29,627
Of the reported employees, number of employees with ages between 35 -50 years old	82,346	75,168	47,719	49,372
Of the reported employees, number of employees with ages >50 years old	60,719	57,260	47,405	49,722
Of the reported employees, number of employees in reporting year that belong to University Graduates and Lower degrees Graduates	32,440	32,069	19,845	20,642
Of the reported employees, number of employees in reporting year that belongs to non-graduate personnel and administrative staff	37,447	33,734	20,924	22,244
Of the reported employees, number of employees in reporting year that belongs to other personnel	120,544	113,736	81,733	85,835
Total number of new employee hires	**77,038**	**55,792**	**39,480**	**46,109**
Of the reported hires, number of men	52,456	36,413	17,247	22,152
Of the reported hires, number of women	24,582	19,379	22,233	23,957
Of the reported hires, number of new hires with ages < 35 years old	33,566	24,788	16,081	19,631
Of the reported hires, number of new hires with ages between 35 -50 years old	30,042	21,946	15,127	17,009
Of the reported hires, number of new hires with ages >50 years old	13,295	9,058	8,272	9,469
Total number of employees dismissed	17,264	16,364	2,948	2,701
Of the reported number of employees dismissed, number of men	15,715	14,857	2,162	1,991
Of the reported number of employees dismissed, number of women	1,549	1,507	786	710
Of the reported employees dismissed, number of new employees dismissed with ages < 35 years old	7,574	6,566	709	721
Of the reported employees dismissed, number of new employees dismissed with ages between 35 -50 years old	6,946	6,779	1,295	1,054
Of the reported employees dismissed, number of new employees dismissed with ages >50 years old	2,744	3,019	944	926
Of the reported employees dismissed, number of employees dismissed in reporting year that belong to University Graduates and Lower degrees Graduates	1,654	1,461	750	639
Of the reported employees dismissed, number of employees dismissed in reporting year that belongs to non-graduate personnel and administrative staff	3,907	6,071	463	351
Of the reported employees dismissed, number of employees dismissed in reporting year that belongs to other personnel	11,703	8,832	1,735	1,711

*Please consider that 2021 figures don´t include neither Industrial Services activity nor Thiess employees figures due to their sales in December 2021 and December 2020 respectively.

HEALTH AND SAFETY

	2019	2020	2021	2022
Total number of hours worked	**250,931,376**	**231,872,823**	**242,212,526**	**248,045,060**
Total number of hours worked (Men)	133,361,617	119,640,539	117,629,851	**123,386,284**
Total number of hours worked (Women)	126,280,204	119,938,379	124,582,676	**124,616,406**
Total number of accidents with time off from work	**3,604**	**2,746**	**3,291**	**3,749**
Total number of accidents with time off from work (Men)	773	750	864	**927**
Total number of accidents with time off from work (Women)	2,831	1,995	2,427	**2,822**
Fatal accidents for own employees	**0**	**4**	**2**	**0**
Construction	0	4	2	**0**
Concessions	0	0	0	**0**
Services	0	0	0	**0**
Fatal accidents for own employees (Men)	**0**	**4**	**2**	**0**
Construction	0	4	2	**0**
Concessions	0	0	0	**0**
Services	0	0	0	**0**
Fatal accidents for own employees (Women)	**0**	**0**	**0**	**0**
Construction	0	0	0	**0**
Concessions	0	0	0	**0**
Services	0	0	0	**0**
Fatal accidents for contractor employees	**4**	**2**	**5**	**2**
Construction	4	2	5	**2**
Concessions	0	0	0	**0**
Services	0	0	0	**0**
Total number of occupational disease cases (employees)	**138**	**70**	**66**	**65**
Total number of occupational disease cases (Male employees)	96	39	29	**37**
Total number of occupational disease cases (Female employees)	43	31	37	**28**
Frequency Index of Occupational Disease (employees)	**0.550**	**0.302**	**0.272**	**0.262**
Frequency Index of Occupational Disease (Male employees)	0.720	0.325	0.247	**0.300**
Frequency Index of Occupational Disease (Female employees)	0.341	0.260	0.297	**0.225**
Total number of occupational disease cases (contractors)	**1**	**0**	**0**	**2**
Frequency Index of Occupational Disease (contractors)	**0.005**	**0.000**	**0.000**	**0.015**
Percentage of days lost due to absenteeism	**1.3%**	**1.2%**	**1.2%**	**1.3%**

Note: For the sake of comparability, 2019 and 2020 are presented restated due to the sale of Industrial Services and the 50% stake of Thiess, as well as improvements in the data calculation methodology.

(403-4) HEALTH AND SAFETY INDICATORS	2021	2022
Total ACS Group		
Percentage of workers represented on formal joint health and safety committees for management and employees	100.00%	**100.00%**
Health and safety issues covered in formal agreements with trade unions	96.93%	**97.81%**
Construction		
Percentage of workers represented on formal joint health and safety committees for management and employees	100.00%	**100.00%**
Health and safety issues covered in formal agreements with trade unions	92.93%	**94.79%**
Concessions		
Percentage of workers represented on formal joint health and safety committees for management and employees	100.00%	**100.00%**
Health and safety issues covered in formal agreements with trade unions	100.00%	**100.00%**
Services		
Percentage of workers represented on formal joint health and safety committees for management and employees	100.00%	**100.00%**
Health and safety issues covered in formal agreements with trade unions	100.00%	**100.00%**

WORK-RELATED INJURIES. EMPLOYEES	2021	2022
Number of deaths resulting from work-related injuries	2	0
Construction	2	0
Concessions	0	0
Services	0	0
Death rate resulting from work-related injuries (1)	0.01	0.00
Construction	0.02	0.00
Concessions	0.00	0.00
Services	0.00	0.00
Number of work-related injuries with significant consequences	5	12
Construction	1	2
Concessions	0	1
Services	4	9
Rate of work-related injuries with significant consequences (2)	0.02	0.05
Construction	0.01	0.02
Concessions	0.00	1.53
Services	0.03	0.07
Number of recordable work-related injuries	6,721	7,232
Construction	536	427.53
Concessions	2	14
Services	6,183	6,790
Rate of recordable work-related injuries (3)	5.55	5.83
Construction	0.95	0.74
Concessions	0.73	4.28
Services	9.56	10.33

WORK-RELATED INJURIES CONTRACTORS	2021	2022
Number of deaths resulting from work-related injuries	5	2
Construction	5	2
Concessions	0	0
Services	0	0
Death rate resulting from work-related injuries (1)	0.04	0.01
Construction	0.04	0.01
Concessions	0.00	0.00
Services	n.a.	n.a.
Number of work-related injuries with significant consequences	8	4
Construction	8	4
Concessions	0	0
Services	0	0
Rate of work-related injuries with significant consequences (2)	0.06	0.03
Construction	0.06	0.03
Concessions	0.00	0.00
Services	n.a.	n.a.
Number of recordable work-related injuries	980	803
Construction	978	801.25
Concessions	2	2
Services	0	0
Rate of recordable work-related injuries (3)	1.46	1.19
Construction	1.46	1.19
Concessions	1.54	9.50
Services	n.a.	n.a.

(1) Number of deaths resulting work-related accidents per million hours worked.
(2) Number of work-related injuries with significant consequences per million hours worked.
(3) Number of recordable work-related injuries per two hundred thousand hours worked.

SOCIAL ACTION

SOCIAL ACTION CONTRIBUTION ACS GROUP 2022	
mn €	2022
Cash contributions allocated to Social Action of companies of ACS Group	7.2
Cash contributions allocated to Social Action of ACS Foundation	5.8
Cash contribution allocated to Social Action ACS Group	**13.0**
Estimation of in-kind giving allocated to Social Action of companies of ACS Group	0.4
Estimation of in-kind giving coming from employee volunteering during paid working hours	0.3
Estimation of in-kind giving allocated to Social Action derivated from management overheads	0.9
Monetary estimate of in-kind contributions to Social Action (mn €)	**1.7**
Investment in Social Action of ACS Group*	**14.7**

(1) Scope data: 24.11% and 21.18% of 2021 and 2022 sales respectively

CUSTOMERS

MAIN MANAGEMENT INDICATORS – CUSTOMERS (1)	2021	2022
Number of customer satisfaction surveys received	1,318	1,899
Percentage of "satisfied" or "very satisfied" customer responses over total number of surveys RECEIVED (%)	95.7%	89.5%

(1) The 2021 and 2022 scope of the data is 21.66% and 20.52%, respectively.

7.3.3. EMERGING RISK MANAGEMENT

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

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATION ACTIONS
Deglobalisation/ geopolitical conflicts: Disruption of the supply chain and shortage of construction materials	Tensions in global supply chains have worsened in recent months, due to the current geopolitical situation and the expected continued conflicts and the subsequent economic and energy crisis, which is expected to have a significant impact on raw material supplies that will be exacerbated by the current deglobalisation process. The construction sector is very exposed to the difficulty of sourcing construction materials. This, together with the increase in raw material costs, the price of energy, the effects of climate change and the increase in preferences and demands of stakeholders, poses an increasingly significant risk in the market. Inadequate use or waste of the natural resources necessary to carry out activities that do not contribute to a circular economy model can lead to scarcity and depletion of resources. Lastly, high demand and a future requirement for the use of specific materials with sustainable characteristics are expected, and it is therefore expected that the Group will again face supply risks from this type of materials in the coming years	The disruption of the supply chain and the scarcity of construction materials directly affect the development of ACS activities around the world, which may involve delays in the development of projects, breaches of customer demands, failure to comply with the ACS Environmental Policy, as well as reputational risks, non-compliance with regulations and increased production costs.	The incorporation of circular concepts into the production model makes it possible to reduce the intensive use of natural resources and the high pressure on the environment., as well as ACS dependencies. Resource optimisation also increases operational and financial efficiency, in addition to reducing the waste generated. In addition, the Environmental Policy and the Group's Sustainability Master Plan define the commitments to encourage the use of recycled construction materials, their durability and efficient waste management. The objectives of the Sustainability Master Plan included: • Promoting life cycle analysis in infrastructure and building projects, exceeding 200 analysed projects by 2025. • Maintaining a waste recycling rate in excess of 80%. • ACS Group companies participate in various R&D projects related to durability and efficiency in the use of construction resources and materials.

EMERGING RISK	DESCRIPTION	IMPACT	MITIGATION ACTIONS
Climate Change: Transition to a low-carbon business model	Companies face the need to design appropriate strategies to address climate change. While most companies focus on the risks associated with climate change, some seek to identify and take advantage of the business opportunities associated with this global challenge. ACS is a global company that carries out its activities in the US, Australia, Canada, Germany and Spain. All of these countries are subject to several risks related to the consequences of climate change, such as changes in rain and wind patterns and the increase in average temperatures, which will lead to thermal stress and rising sea levels. These risks will play a key role in the conduct of ACS activities, limiting resource needs and the availability and quality of the surface to operate and maintain future projects.	Both physical and transition risks will affect ACS. The physical risks involve adapting to climate change in the infrastructure design and execution phases to ensure their resilience or reduced productivity in the event of adverse weather conditions. Furthermore, transition risks have a direct impact on the energy use model and on the prices of fossil fuels and raw materials. The ACS risk map identifies the specific risks that may be most emerging as they relate to the long-term climate change risks identified: • Reputational breach caused by climate change (reputational) • Increase in borrowing costs (market) • Increase in prices or decrease in insurance coverage (market) • Increase in the cost of raw materials (market)	The Environmental Plan and the Group's Sustainability Master Plan define the commitment and objectives for the improvement of eco-efficiency and use of resources. The ACS Board has overall responsibility for the climate change strategy through the Audit Committee, which is responsible for monitoring the ACS Group's sustainability policy. The Company has set targets linked to the variable remuneration of the Executive Directors in relation to climate change performance. Each company is responsible for keeping an inventory of emissions, identifying main sources and developing initiatives to reduce them. The Group offers its customers construction products and services that help promote the transition to a low-carbon economy (for example: development of business opportunities as Green Building projects). In 2022, the Group continued with the evolution of its reporting model to communicate information on risks and opportunities related to climate change in accordance with the recommendations of the Task Force on Climate-Related Financial Disposals (TCFD), recognised in the ACS 2025 Group's Sustainability Master Plan, which sets out the commitments, strategic lines and targets for climate change mitigation of the Group.

7.3.4 MONITORING OF PRIORITY TARGETS IN THE 2025 SUSTAINABILITY PLAN

		Priority Goal	Tracking Indicator	Comparable Evolution (1)			Related Contents
		MONITORING OF PRIORITY GOALS SUSTAINABILITY MASTER PLAN 2025					
				Reference value (2)	2021	2022	
E	1	Reduction of Scope 1 emissions by 35% by 2030, with an intermediate reduction target of at least 15% by 2025	Scope 1 emissions	532,412	381,261	389,195	5.1.1. Fight against climate change
E	2	Reduction of Scope 2 emissions by 60% by 2030, with an intermediate reduction target of at least 30% by 2025	Scope 2 Emissions	184,456	120,294	121,602	5.1.1. Fight against climate change
E	3	Maintain an 80% rate of waste (hazardous and non-hazardous) destined for reuse/recycling	Waste for reuse and recycling rate	77.7 %	82.9 %	80.6 %	5.1.2. Circular economy: sustainable use of resources and waste management
E	4	Progressive minimization of non-hazardous waste destined for landfills	Non-hazardous waste for landfill	21.2 %	14.5 %	16.2 %	5.1.2. Circular economy: sustainable use of resources and waste management
E	5	Reach 45% of Infrastructure sales in projects with sustainable certification by 2025 (2)	% Construction sales in projects with sustainable certification	34.4 %	41.6 %	41.2 %	5.1.1. Fight against climate change
E	6	Increase the number of operations subject to environmental management systems certified under ISO 14001	Operations subject to environmental management systems certified to ISO 14001 standard	87.3 %	87.1 %	89.6 %	5.1. Environment
S	7	Extending the certification of H&S management systems by exceeding 97% of employees subject to certified safety and health management systems by 2025	Percentage of total employees covered by OSHAS18001 or ISO 45001	90.6 %	91.6 %	88.6 %	5.3. Occupational Health & Safety
S	8	Decrease own employee frequency rate by 15% compared to 2019	Own employees frequency rate	14.36	13.60	15.11	5.3.2. Safety Statistics
S	9	Increase by 25% the presence of women in senior management positions compared to 2019 and that the total number of women in senior positions represents 20% by 2025	Women in senior management positions	93	113	114	5.2.2. Equal opportunities, diversity and inclusion
			% Women in management positions	18.0 %	20.2 %	22.2 %	
S	10	Increase by 7% the number of employees belonging to vulnerable groups with respect to 2020 (2)	Employees belonging to vulnerable groups	9,819	10,320	10,981	5.2.2. Equal opportunities, diversity and inclusion
S	11	Promote community investment by progressively increasing funds for social action and improve impact monitoring and measurement	Funds for social action (€ mn)	12.05	11.87	14.33	5.6. Contribution to Society
G	12	Strengthening sustainability governance	Actions carried out to adapt the Group's governance structure to the increased requirements in terms of sustainability	n.a.	n.a.	n.a.	5.1.1. Fight against climate change 5.4. Regulatory Compliance 6.0. Corporate Governance
G	13	100% of employees with responsibility for compliance trained through compliance programs by 2025	Employees trained in compliance in the reporting year	62,397	39,337	35,148	5.4.8. Training
G	14	Evaluate 100% of own operations on Human Rights by 2025	Operations evaluated in the area of Human Rights	n.a.	75.2 %	72.5 %	5.4.4. Human Rights
G	15	Quantify the volume of sustainable assets in the ACS portfolio aligned with the EU Environmental Taxonomy	% Aligned sales	n.a.	n.a.	17.3 %	5.11. European Union taxonomy
			% Aligned Opex	n.a.	n.a.	29.7 %	
			% Aligned Capex	n.a.	n.a.	39.2 %	
G	16	75% of suppliers trained in the Business Partner Code of Conduct by 2025	% Suppliers that have received Code of Conduct training throughout their contractual relationship	n.a.	7.5 %	17.3 %	5.8. Suppliers
G	17	Evaluate 100% of critical direct suppliers in terms of sustainability during the Plan period	% Critical direct suppliers evaluated in the last 3 years	n.a.	96.4 %	90.8 %	5.8. Suppliers

(1) For the sake of data comparability, where possible, historical data are recalculated with the same scope of consolidation perimeter and calculation criteria as those reported in 2021.

(2) The reference value refers as a general rule to the restated 2019 data excluding Industrial Services and the sale of the 50% stake of Thiess in those which is material, except in objective 5 which is put as reference value the year 2020 for not having restated data for 2019 and objective 10 of vulnerable groups which in the objective is taken as reference value the 2020 data. The reference value has been restated considering the same scope of consolidation perimeter and calculation criteria as those reported in the last reporting year.

7.3.5 CONTRIBUTION TO THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

The ACS Group, through the development of its activity focused on the development of transportation and energy infrastructure, as well as the social dimension offered through the Services activity, makes a conscientious effort to accomplish the commitments in the 2030 Agenda for Sustainable Development. In this regard, the Group measures its performance in terms of its contribution to the Sustainable Development Goals (SDGs) that are most closely related to its activity. This contribution is also reinforced by its magnitude and its international presence.

As determined in the 2025 Sustainability Master Plan, the ACS Group has identified that it contributes substantially to the achievement of 6 Sustainable Development Goals linked to the Group's activity, through the commitments established and strategic lines.

OBJECTIVE

8

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

SPECIFIC TARGETS TO WHICH THE ACS GROUP CONTRIBUTES

8.2 Achieving higher levels of economic productivity through diversification, technological modernisation and innovation.

8.4 Progressively improving the efficient production and consumption of global resources by 2030 and seek to untie economic growth from environmental degradation.

8.5 Achieving full, productive and decent employment for all, as well as equal remuneration.

8.6 Reducing the proportion of young people who are not employed and do not study.

8.8 Protecting labour rights and promoting a safe and risk-free working environment for all workers.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

• Prioritising occupational health and safety in employees and contractors

• Driver of economic and social development at the service of the local community

• Leading group on the development of specialised and diverse talent

CONTRIBUTION BY THE ACS GROUP

As a global company, the ACS Group participates in the development of key sectors for the global economy and provides jobs to a large number of people. Furthermore, the Group understands the important role that having local roots and being sensitive to the unique features of each site has in the company's success. The Group companies have commitments to remain in most of the regions where they operate, actively contributing to the economic and social development of these settings through the employment of a high percentage of local workers and suppliers.

The Group is committed to the professional development of its employees and is a strong advocate of internationally recognised human and labour rights. The company also encourages, respects and protects the freedom to participate in trade unions and the right of association of its workers.

In the ACS Group, occupational health and safety are also a priority objective in the conduct of all Group activities.

MANAGEMENT AND MONITORING INDICATORS

Number of employees: 128,721

% of employees with permanent contracts: 81.3%

% of local employees: 98.2%

% of local suppliers: 82.0 %

New hires during the year: 46,109

% of contracts with employees under 35 42.6%

Number of employees trained in the year: 68,462

% of employees covered by certified occupational safety and management systems (ISO 45001): 88.6%

OBJECTIVE

9

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SPECIFIC TARGETS TO WHICH THE ACS GROUP CONTRIBUTES

9.1 Developing reliable, sustainable, resilient and quality infrastructure to support economic development and human well-being.

9.4 Modernising infrastructure and making factories i sustainable, using resources more effectively and promoting the adoption of clean and environmentally sound technologies and industrial processes.

9.a Facilitating the development of sustainable and resilient infrastructure in developing countries through increased financial, technological and technical support.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

• Becoming leaders in sustainable infrastructure

CONTRIBUTION BY THE ACS GROUP

Through its infrastructure and industry development activity, the ACS Group significantly contributes to the economic progress of societies and people's well-being. The ACS Group has also made a determined commitment to be a reference in sustainable infrastructure.

The Group increasingly invests in R&D, using resources more effectively and promoting the adoption of sustainable industrial technologies and processes.

MANAGEMENT AND MONITORING INDICATORS

Sales in projects with sustainable certifications: EUR 12,935 million

Investment in R&D+i: EUR 27.5 million

OBJECTIVE 10

REDUCING INEQUALITY IN AND BETWEEN COUNTRIES

SPECIFIC TARGETS TO WHICH THE ACS GROUP CONTRIBUTES

10.2 Promoting the social, economic and political inclusion of all people.

10.3 Ensuring equal opportunities and reducing unequal results.

CONTRIBUTION BY THE ACS GROUP

Through its infrastructure construction activities in underdeveloped countries, the ACS Group contributes to the reduction of inequalities among countries by generating a favourable economic and social environment for their development.

In addition, Clece, the ACS company dedicated to personal services, among others, has a strong social focus and a vocation of inclusion and integration of people, fostering the reduction of inequalities. In addition to serving vulnerable communities, it also integrates people from these groups into its workforce.

On the other hand, the Social Action activities carried out by the Group companies and the ACS Foundation are mainly aimed at reducing inequality.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

- Leading group on the development of specialised and diverse talent
- Driver of economic and social development at the service of the local community

MANAGEMENT AND MONITORING INDICATORS

Employees belonging to vulnerable groups: 10,981

Investment in Social Action: EUR 14.3 million

OBJECTIVE 11

MAKING CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

SPECIFIC TARGETS TO WHICH THE ACS GROUP CONTRIBUTES

11.2 Providing access to safe, affordable, accessible and sustainable transport systems for all and improving road safety.

11.3 Between now and 2030, increased inclusive and sustainable urban development.

CONTRIBUTION BY THE ACS GROUP

The ACS Group, through its various activities, provides services which contribute to creating more efficient and sustainable cities. Among these services, it is worth highlighting sustainable building, the construction of public transport systems, traffic management services, etc.

In addition, the Group contributes to R&D projects for the development of more efficient and resilient materials and more sustainable cities.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

- Becoming leaders in sustainable infrastructure

MANAGEMENT AND MONITORING INDICATORS

Sales in projects with sustainable certifications: EUR 12,935 million

R&D projects related to sustainability: 46

OBJECTIVE

12

ENSURING SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

SPECIFIC TARGETS TO WHICH THE ACS GROUP CONTRIBUTES

12.2 By 2030, achieving sustainable management and efficient use of natural resources.

12.5 Between now and 2030, significantly reducing waste generation through prevention, reduction, recycling and reuse activities.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

• Integrating circularity in our activities

• Ensuring responsible management of the supply chain in line with commitments and action standards

ACS GROUP CONTRIBUTION

The ACS Group promotes responsible management of its entire supply chain and implements measures for the efficient use of natural resources in all its projects. From the design phase to execution, the use of sustainable materials is encouraged, water and energy consumption is rationalised and waste is properly managed, promoting its prevention and minimisation, in order to maintain 80% of waste for reuse and recycling.

The ACS Group also promotes the assessment of its suppliers in terms of sustainability, with the aim of reaching 100% of its suppliers assessed for 2025.

MANAGEMENT AND MONITORING INDICATORS

% waste for recovery: 83.2 %
% of suppliers assessed over the last 3 years in terms of sustainability: 78.6 %

OBJECTIVE

13

TAKING URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

SPECIFIC TARGETS TO WHICH THE ACS GROUP CONTRIBUTES

13.1 Strengthening resilience to climate-related risks.

13.3 Improving awareness of climate change mitigation and adaptation.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

Moving forward climate neutrality to 2045

Sustainability in the governance model

CONTRIBUTION BY THE ACS GROUP

The ACS Group strives to contribute to the transition to a low-carbon economy by including measures to adapt to and mitigate climate change in its activities, as well as identifying opportunities for the promotion of environmentally friendly products and services that minimise its impact. The ACS Group has therefore undertaken to move forward its climate neutrality to 2045, as well as to improve the measurement of its footprint and reduce it in the short and medium term.

MANAGEMENT AND MONITORING INDICATORS

Variation in Scope 1 emissions (vs 2019): -28.7 %

Variation in Scope 2 emissions (vs. 2019): -34.2 %

kWh of renewable energy consumed: 57,978,910

7.3.6 SCOPE OF THE DATA

ENVIRONMENT

% of turnover	2021	2022
Implementation of ISO 14001 certification	96.86%	97.21%
Implementation of other certifications	96.86%	97.21%
Projects registered and certified as per efficient construction certifications	96.86%	97.21%

% of turnover	2019	2020	2021	2022
Petrol (million litres)	96.79%	96.13%	96.86%	97.21%
Diesel (million litres)	96.79%	96.13%	96.86%	97.21%
LPG (million litres)	96.79%	96.13%	96.86%	97.21%
Natural gas (kWh)	96.79%	96.13%	96.86%	97.21%
Biofuel (million litres)	96.79%	96.13%	96.86%	97.21%
Electricity (MWh)	96.79%	96.13%	96.86%	97.21%
Electricity from renewable sources (MWh)	96.79%	96.13%	96.86%	97.21%
Scope 3 emissions (t CO2eq)	96.79%	95.96%	96.86%	97.21%
Efficient use of water resources				
Water withdrawal (m3)	95.81%	96.13%	96.86%	97.21%
Water withdrawal in water stress areas (m3)	95.81%	96.13%	20.06%	19.22%
Water discharge (m3)	95.81%	96.13%	96.86%	97.21%
Water discharge in water stress areas (m3)	95.81%	96.13%	20.06%	19.22%
Waste management				
Non-hazardous waste generated (t)	96.75%	96.13%	96.86%	97.21%
Hazardous waste generated (t)	96.79%	96.13%	96.86%	97.21%

Other atmospheric emissions (kg)	2021	2022
Quantity of significant atmospheric emissions, in kg of NOx	96.86%	97.21%
Amount of significant atmospheric emissions, in kg of SOx.	96.86%	97.21%
Quantity of significant atmospheric emissions, in kg, of other significant atmospheric emissions.	96.86%	97.21%

Materials (% of Group procurements)	2021	2022
Total wood purchased (m3)	96.22%	96.66%
Percentage of reused/recycled wood	96.22%	96.66%
Total steel purchased (t)	96.22%	96.66%
Percentage of recycled steel	96.22%	96.66%
Total concrete purchased (m3)	96.22%	96.66%
Percentage of cement/concrete with recycled aggregate	96.22%	96.66%
Total glass (m2)	96.22%	96.66%
Percentage of recycled glass	96.22%	96.66%
Total aggregates (t)	96.22%	96.66%
Percentage of reused/recycled aggregates	96.22%	96.66%
Total asphalt (t)	96.22%	96.66%
Percentage of reused/recycled asphalt	96.22%	96.66%
Total cement (t)	96.22%	96.66%
Percentage of reused/recycled cement	12.96%	12.24%

PEOPLE

Total % of employees	2021	2022
Total employees	100.00%	100.00%
Local employees	96.68%	97.06%
Employees by area of activity	100.00%	100.00%
Personnel by professional category and area of activity	100.00%	100.00%
Breakdown by type of contract	100.00%	100.00%
Personnel by professional category and gender	100.00%	100.00%
Personnel by geographical area	100.00%	100.00%
Total staff turnover	96.68%	97.06%
Total turnover for men	96.68%	97.06%
Total turnover for women	96.68%	97.06%
Voluntary turnover	96.68%	97.06%
Voluntary turnover for men	96.68%	97.06%
Total turnover for women	96.68%	97.06%
Of the employees reported, number of women with a management position (construction/project manager or similar and superior)	96.68%	97.06%
Of the employees reported, number of men with a management position (construction/project manager or similar and superior)	96.68%	97.06%
Of the employees reported, number of women management positions	96.68%	97.06%
Of the employees reported, number of men management positions	96.68%	97.06%
Remuneration Directors and Executive Management	100.00%	100.00%
Average annual remuneration	96.46%	97.06%
Measures to promote equal treatment and opportunities for men and women	96.68%	97.06%
Protocols against sexual harassment	96.68%	97.06%
Measures to ensure equal opportunities and avoid discrimination in the selection process for any position	96.68%	97.06%
Disabled persons	96.68%	97.06%
Systems to ensure universal accessibility for employees	96.68%	97.06%
Work-family life balance measures	96.68%	97.06%
Percentage of men/women who return to work after paternity/maternity leave	96.68%	97.06%
Total number of absenteeism days	96.68%	97.06%
Employees affiliated with trade union organisations	96.68%	97.06%
Employees covered by collective bargaining agreements or by an independent trade union	96.68%	97.06%
Workers of the ACS Group represented on formal joint health and safety committees for management and employees	94.23%	97.17%
Safety and Health issues covered by agreements	94.23%	97.17%
Employees covered by a formal professional development system	96.68%	97.06%
Employees subject to performance evaluation processes	96.68%	97.06%
Employees covered by variable remuneration systems	96.68%	97.06%
Employees trained	96.68%	97.06%
Total teaching hours given	96.68%	97.06%
Investment in training (millions of euros)	96.68%	97.06%
Breakdown of hours by professional category	96.68%	97.06%

HEALTH AND SAFETY

% of employees	2019	2020	2021	2022
Percentage of total employees covered by ISO45001 certification	95.02%	95.31%	94.23%	97.17%
Total number of hours worked own employees	95.02%	95.31%	94.23%	97.17%
Total number of hours worked own employees (MEN)	95.02%	95.31%	94.23%	97.17%
Total number of hours worked own employees (WOMEN)	95.02%	95.31%	94.23%	97.17%
Total number of accidents with time off own employees	95.02%	95.31%	94.23%	97.17%
Total number of accidents with time off (MEN)	95.02%	95.31%	94.23%	97.17%
Total number of accidents with time off (WOMEN)	95.02%	95.31%	94.23%	97.17%
Total number of working days lost own employees	95.02%	95.31%	94.23%	97.17%
Total number of working days lost own employees (MEN)	95.02%	95.31%	94.23%	97.17%
Total number of working days lost own employees (WOMEN)	95.02%	95.31%	94.23%	97.17%
Total number of hours worked contractors	95.02%	95.31%	41.22%	41.14%
Total number of accidents with time off (contractors)	91.14%	95.31%	94.23%	97.17%
Total number of working days lost (contractors)	91.14%	95.31%	94.23%	97.17%
Own employee deaths due to work-related accidents	95.02%	95.31%	94.23%	97.17%
Own employee deaths due to work-related accidents (MEN)	95.02%	95.31%	94.23%	97.17%
Own employee deaths due to work-related accidents (WOMEN)	95.02%	95.31%	94.23%	97.17%
Contractor deaths due to work-related accidents	95.02%	95.31%	94.23%	97.17%
Investment in health and safety (millions of euros)	95.02%	95.31%	94.23%	97.17%
Total number of cases of occupational diseases (employees)	95.02%	95.31%	94.23%	97.17%
Total number of cases of occupational diseases (MALE employees)	95.02%	95.31%	94.23%	97.17%
Total number of cases of occupational diseases (FEMALE employees)	95.02%	95.31%	94.23%	97.17%
Total number of cases of occupational diseases (contractors)	82.46%	83.43%	94.23%	97.17%
Own employee deaths due to occupational illnesses	67.20%	83.43%	94.23%	97.17%
Contractor deaths due to occupational illnesses	67.20%	83.43%	94.23%	97.17%
Number of work-related injuries with significant consequences (employees)	67.20%	63.29%	94.23%	97.17%
Number of recordable work-related injuries (employees)	95.02%	95.31%	94.23%	97.17%
Number of work-related injuries with significant consequences (contractors)	67.20%	63.29%	94.23%	97.17%
Number of work-related injuries (contractors)	82.46%	95.31%	94.23%	97.17%

% of employees	2021	2022
Employees who have received health and safety training during the year (%)	93.29%	97.17%
Employees who have received health and safety training during their career with the company (%)	93.29%	97.17%
Percentage of workforce represented on formal joint health and safety committees for management and employees	93.29%	97.17%
Health and safety issues covered in official agreements with trade unions	93.29%	97.17%

COMPLIANCE

% of employees	2021	2022
Number of communications received and handled by the Ethics Channel	100.00%	100.00%
Scope of the training plans regarding the company's human rights, ethics, integrity, conduct or compliance procedures (% of employees)	98.49%	94.09%
Number of courses given with content covering the company's human rights, ethics, integrity, conduct or compliance procedures	98.49%	94.09%
Number of employees trained in Human rights, ethics, integrity, conduct or compliance procedures during the year	98.49%	94.09%
Training hours per trained employee	98.49%	94.09%
Lawsuits for human rights violations	98.49%	94.09%
Value of contributions to associations (scope % turnover)	20.71%	19.77%

CONTRIBUTION TO SOCIETY

% of turnover	2021	2022
Investment in social action by Group companies	99.50%	99.41%
Estimated number of beneficiaries	99.50%	99.41%
Number of citizen awareness courses or activities carried out	24.11%	21.18%
Number of events (conferences, exhibitions, sporting activities, among others) sponsored	24.11%	21.18%
Number of foundations or NGOs that received grants/support during the year	24.11%	21.18%
Budget allocated by the Foundation	100.00%	100.00%

SUPPLIERS AND CONTRACTORS

% of Group procurements	2022
Number of suppliers	96.66%
Signing or acceptance of the Code of Conduct for Business Partners	96.66%
Training in the Code of Conduct for Business Partners	96.66%
Supplier approval systems:	96.66%
Weight of non-financial criteria	77.04%
Supplier commitment standards	96.66%
Suppliers identified as critical	96.66%
Critical suppliers. % of total	96.66%
Suppliers screened in terms of sustainability	96.66%

COMMITMENT TO QUALITY WITH THE CUSTOMER

% of turnover	2021	2022
Production certified under ISO 9001: Total ACS Group	94.04%	93.83%
Number of quality audits	94.04%	93.83%
Investment in measures to promote and improve quality	71.99%	93.83%
System for measuring client satisfaction	65.76%	63.95%
Number of client satisfaction surveys received	21.66%	20.52%
Client responses which are “satisfied” or “very satisfied” out of the total number of surveys received (%)	21.66%	20.52%
System for measuring client complaints and claims	65.76%	63.95%
Number of complaints and claims from clients received in the reporting period	21.35%	20.25%
Number of complaints and claims from clients resolved in the reporting period	21.35%	20.25%

INNOVATION

% of turnover	2022
Investment in research, development and innovation by the ACS Group	19.36%
Number of innovation projects in progress in 2022 of the ACS Group	14.89%
Number of patents registered by the ACS Group in 2022	15.10%
Number of patents registered by the ACS Group over the last ten years	15.10%

7.3.7 AWARDS
SURVEYS AND ADHERENCES

- ACS, Actividades de Construcción y Servicios, was included in the European Dow Jones Sustainability Index. Inclusion in these DJSI indices recognises the commitment and ongoing effort made by all of the ACS Group companies in terms of sustainability and value generation shared by the whole company. In this regard, HOCHTIEF, a listed company of the ACS Group, is also included in the DJSI, specifically in the DJSI World. As for CIMIC, it has been included in the DJSI Australia.
- For another year, ACS Actividades de Construcción y Servicios was included in the 2022 Sustainability Yearbook published by S & P Global for its excellent sustainability performance.
- In 2022, FTSE Russell confirmed that the ACS Group had been independently evaluated in accordance with the FTSE4Good criteria and had met the requirements to become a component of the FTSE4Good index series.
- The ACS Group is a signatory to the United Nations Global Compact.
- The ACS Group supports the Carbon Disclosure Project initiative.
- ACS is the eighth company in terms of sales in the world according to the ranking of ENR magazine published in August 2022, the leading company in terms of sales in the United States and Canada, and the company with the most international activity according to this same ranking.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Sustainability Yearbook
Member 2022
S&P Global

FTSE4Good

CDP
DRIVING SUSTAINABLE ECONOMIES

7.3.8 WE WOULD LIKE TO KNOW YOUR OPINION

As you may have observed in the preceding pages, the ACS Group is committed to transparency of information and the relationships with its various stakeholders.

The ACS Group considers the assumption of reporting principles to be a process of ongoing improvement, in which it is essential to count on the informed opinion of the various stakeholders. We would therefore greatly appreciate any feedback you may have on this report at:

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7.4. ECONOMIC-FINANCIAL ANNEX

7.4.1. TREASURY SHARES

As of 31 December 2022, the Group held 25,904,654 shares in the Parent Company, with a nominal value of 0.5 euros, representing 9.1% of the share capital. The details of the operations carried out during the year are as follows:

	2021		2022	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of period	**25,604,641**	**636,011**	**28,876,676**	**691,916**
Purchases	20,169,758	472,252	29,708,164	709,781
Amortization and sale	-16,897,723	-416,347	-32,680,186	-779,527
At end of period	**28,876,676**	**691,916**	**25,904,654**	**622,170**

7.4.2. IRIDIUM CONCESSIONS PORTFOLIO

CONCESSION - DESCRIPTION	STAKE	CONSOLIDATION METHOD	COUNTRY	ACTIVITY	PHASE	UD	EXPIRATION DATE	TOTAL INVESTMENT (MN€)	ACS GROUP INVESTMENT (MN€)
Autovía de La Mancha	19.5%	P.E.	Spain	Highways	Exploitation	52	Apr-33	128	5
Reus-Alcover	26.0%	P.E.	Spain	Highways	Exploitation	10	Dec-38	69	4
Santiago Brión	18.2%	P.E.	Spain	Highways	Exploitation	16	Sep-35	117	4
Autovía de los Pinares	16.5%	P.E.	Spain	Highways	Exploitation	44	Apr-41	97	4
Autovía Medinaceli-Calatayud	100.0%	Global	Spain	Highways	Exploitation	93	Dec-26	183	24
Autovía del Pirineo (AP21)	26.0%	P.E.	Spain	Highways	Exploitation	45	Jul-39	233	21
Autovía de la Sierra de Arana	40.0%	P.E.	Spain	Highways	-	39	n.a.	200	2
EMESA (Madrid Calle 30)	33.0%	P.E.	Spain	Highways	Exploitation	33	2025 - 12/09/2040	185	0
Eje Diagonal	26.0%	P.E.	Spain	Highways	Exploitation	67	Jan-42	475	41
A-30 Nouvelle Autoroute 30	12.5%	P.E.	Canada	Highways	Exploitation	74	Sep-43	1,341	19
FTG Transportation Group	12.5%	P.E.	Canada	Highways	Exploitation	45	Jun-34	540	3
Windsor Essex	8.3%	P.E.	Canada	Highways	Exploitation	11	Feb-44	883	2
Signature on the Saint-Lawrence Group General Part	25.0%	P.E.	Canada	Highways	Exploitation	3	Nov-49	1,684	15
Highway 427	50.0%	P.E.	Canada	Highways	Exploitation	11	Sep-50	246	4
Gordie Howe Bridge	40.0%	P.E.	Canada	Highways	Construction	2.5	30-11-2054	2,659	0
CRG Portlaoise	33.3%	P.E.	Ireland	Highways	Exploitation	41	Jun-37	361	23
N25 New Ross Bypass	50.0%	P.E.	Ireland	Highways	Exploitation	14	Feb-43	169	9
M11 Gorey – Enniscorthy	50.0%	P.E.	Ireland	Highways	Exploitation	32	Jan-44	253	13
A-13, Puerta del Támesis	75.0%	P.E.	Ireland	Highways	Exploitation	22	Jul-30	271	20
SH288 Toll Lanes-Texas	78.4%	Global (ANCMV)	Portugal	Highways	Exploitation	17	Aug-68	975	74*
Portsmouth Bypass	40.0%	P.E.	UK	Highways	Exploitation	35	Dec-53	501	18
US 181 Harbor Bridge	50.0%	P.E.	USA	Highways	Exploitation	9	Oct-40	789	0
I595 Express	12.5%	P.E.	USA	Highways	Exploitation	17	Feb-44	1,506	24
Total Highways (km)						**733**		**13,865**	**330**
Línea 9 Tramo II	10.0%	N.C.	Spain	Railways	Exploitation	11	Oct-42	879	7
Línea 9 Tramo IV	10.0%	N.C.	Spain	Railways	Exploitation	11	Sep-40	645	6
Metro de Arganda	8.1%	N.C.	Spain	Railways	Exploitation	18	Dec-29	149	3
ELOS - Ligações de Alta Velocidade	15.2%	N.C.	Portugal	Railways	-	167	2,050	1,637	20
Rideau Transit Group (Ligth RT Ottawa)	40.0%	P.E.	Canada	Railways	Exploitation	13	May-48	1,429	21
Crosslinx Transit Solutions	25.0%	P.E.	Canada	Railways	Construction	20	Sep-51	3,861	0
Ottawa Phase II variation	33.3%	P.E.	Canada	Railways	Exploitation	n.a.	May-48	340	0
Finch West LRT	33.3%	P.E.	Canada	Railways	Construction	11	Sep-53	948	0
Angels flight	86.7%	Global	USA	Railways	Exploitation	n.a.	Apr-47	2	2
LAX Automated People Mover	18.0%	P.E.	USA	Railways	Construction	4	May-48	2,288	0
Metro de Lima Línea 2	25.0%	P.E.	Peru	Railways	Construction	35	Apr-49	4,177	28
Total km Railways						**289**		**16,354**	**87**
Cárcel de Brians	100.0%	Global	Spain	Jails	Exploitation	95,182	Dec-34	108	14
Comisaría Central (Ribera norte)	20.0%	P.E	Spain	Police Station	Exploitation	60,330	May-24	70	3
Comisaría del Vallés (Terrasa)	20.0%	P.E	Spain	Police Station	Exploitation	8,937	Apr-32	17	1
Comisaría del Vallés (Barberá)	20.0%	P.E	Spain	Police Station	Exploitation	9,269	Apr-32	20	1
Los Libertadores	100.0%	Global	Chile	Border Facility	Exploitation	32,011	Nov-30	62	9
Public Facilities (m2)						**205,729**		**276**	**27**
Hospital Majadahonda	11.0%	N.C.	Spain	Hospitals	Exploitation	749	Jul-35	257	4
Nuevo Hospital de Toledo, S.A.	6.7%	P.E.	Spain	Hospitals	Exploitation	853	Mar-45	285	4
Hospital Son Espases	9.9%	N.C.	Spain	Hospitals	Exploitation	987	Oct-39	305	3
Hospital de Can Misses (Ibiza)	8.0%	N.C.	Spain	Hospitals	Exploitation	297	Oct-42	129	2
Hospitals (number of beds)						**2,886**		**976**	**14**
Intercambiador Plaza de Castilla	4.4%	N.C.	Spain	Transfer Stations	Exploitation	59,650	Feb-41	174	1
Intercambiador Príncipe Pío	8.4%	N.C.	Spain	Transfer Stations	Exploitation	28,300	Dec-40	66	1
Intercambiador Avda América	12.0%	N.C.	Spain	Transfer Stations	Exploitation	41,000	Jun-38	78	2
Total Transfer Stations (m2)						**128,950**		**318**	**4**
Iridium Aparcamientos	100.0%	Global	Spain	Parkings	Exploitation	8,157	2058	39	68
Serrano Park	50.0%	P.E.	Spain	Parkings	Exploitation	3,297	Dec-48	130	21
Total Parkings (number of places)						**11,454**		**169**	**89**
TOTAL CONCESSIONS								**31,958**	**550***

*The investment does not include € 1,064 million for the acquisition of 56% of SH-288 subscribed in January 2023

7.4.3. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report required by commercial law, which constitutes an integral part of the 2022 Consolidated Management Report, is presented as a reference and will be available on the CNMV website.

7.4.4. REPORT ON THE REMUNERATION OF THE BOARD MEMBERS

The Annual Directors Remuneration Report required by commercial law, which constitutes an integral part of the 2022 Consolidated Management Report, is presented as a reference and will be available on the CNMV website.

7.4.5. GLOSSARY

The ACS Group presented its results in accordance with International Financial Reporting Standards (IFRS). However, the Group used some Alternative Performance Measures (APM) to provide additional information for easier comparison and understanding of their financial information, and to facilitate the decision-making and assessment of the Group's performance. The most noteworthy APMs are detailed below.

CONCEPT	DEFINITION and COHERENCE	Dec-22	Dec-21
Market capitalisation	**Num of shares at period close x price at period close**	**7,607**	**7,322**
Earnings per share	**Net Profit of the period / Average num of shares of the period**	**2.50**	**10.74**
Net Attributable profit	Total Income - Total Expenses of the period - Minority interests result	668	403
Average num. of shares of the period	Daily average outstanding shares in the period adjusted by treasury stock	668.2	402.5
Average num. of shares of the period	Daily average outstanding shares in the period adjusted by treasury stock	267.0	37.5
Backlog	**Value of the contracts awarded and pending to be executed. In section 1.1, a breakdown is made between a direct and proportional portfolio (referring to proportional participation in joint operating companies and projects not consolidated globally in the Group)**	**68,996**	**63,733**
Gross Operating Profit (EBITDA)	**Operating Profit excluding (1) D&A y (2) non recurrent operating results and/or which dont imply a cash flow + Results from Equity Method (Associates and Joint Ventures)**	**1,747**	**1,598**
(+) Operating Profit	Operating income - Operating expenses	692	745
(-) 1.D&A	Operating provisions and fix asset depreciation	(642)	(514)
(-) 2. Non recurrent operating results and/or which dont imply a cash flow	Impairment & gains on fixed assets + other operating results	(32)	(66)
(+) Results from Equity Method Investments (Associates and Joint Ventures)	Includes the net result of operating companies accounted for using the equity method. Among others; the NPAT of operating investments, such as Abertis, and that of mixed companies consolidated by the equity method. It is assimilated to the UTEs regime in Spain and therefore is included in the EBITDA in order to standardize the accounting criteria with the Group's foreign companies.	381	273
Net Financial Debt / EBITDA		**0.1**	**1.3**
Net Financial Debt (1)-(2)	Gross external financial debt +Net debt with group companies - Cash & Equivalents	224	2,009
(1) Deuda Financiera Bruta	Bank debt + Obligations and other negotiable securities + Project finance and non recourse debt + Financial lease + Other l/t non bank debt + Debt with group companies	10,377	10,526
(2) Cash & Equivalents	Temporary Financial investments + L/T deposits + Cash & Equivalents	(10,601)	(12,534)
Annualized EBITDA	EBITDA of the period / num of month within the period x 12 months	1,747	1,598
Net Cash Flow	**(1) Cash Flow from operating activities + (2) Cash Flow from investing activities + (3) Other Cash flows**	**(1,547)**	**3,785**
1. Cash Flow from operating activities	**Adjusted Net Profit attributable + Operating working capital variation ex discontinued operations**	**1,743**	**556**
Adjusted Net Profit attributable	Net profit attributable (+/-) adjustments of concepts which dont imply an operating cash flow	1,699	1,073
Operating working capital variation	Working capital variation of the period (+/-) ajustments of non operating concepts (Ej: dividends, interests, taxes, etc)	44	(517)
2. Cash Flow from investing activities	**Net investments (paid/collected) ex discontinued operations**	**(1,775)**	**4,844**
(-) Payments from investments	Payments for operating, project and financial investments. This figure may differ from that shown in section 2.3.2 for reasons of deferral (accruals) ex discontinued operations	(2,366)	(519)
(+) Collections from divestments	Collections from operating, project and financial divestments. This figure may differ from that shown in section 2.3.2 for reasons of deferral (accruals) ex discontinued operations	592	5,363
3. Other Cash Flows	**Treasury stock sale/acquisition + Dividend payments + Other financial sources + Op.Lease payments+ Cash generated from discontinued operations**	**(1,516)**	**(1,615)**
Ordinary Financial Result	Financial Income - Financial expenses	(305)	(259)
Net Financial Result	Ordinary financial result + Foreing exchange results + Impairment non current assets results + Results on non current assets disposals	(69)	(225)
Working Capital	Stock + Total accounts receivables - Total accounts payables - other current liabilities	(4,869)	(3,799)

NOTE: All financial indicators and AMPs are calculated under the principles of coherence and homogeneity allowing comparability between periods and in compliance with the applicable accounting rules and standards

Data in million of euros

CONCEPT	USE
Market capitalisation	**Value of the company in the stock exchange market**
Earnings per share	**Indicates the part of the net profit that corresponds to each share**
Backlog	**An indicator of the Group's commercial activity. The value divided by the average duration of the projects is an approximation to the revenues to be received in the following periods**
Gross Operating Profit (EBITDA)	**Measure of comparable performance to evaluate the evolution of the Group's operating activities excluding depreciation and provisions (more variable items according to the accounting criteria used). This AMP is widely used to evaluate the operational performance of companies as well as part of ratios and valuation multiples and measurement of risks**
Net Financial Debt / EBITDA	**Comparable ratio of the Group's indebtedness level. It measures the repayment capacity of the financing in number of years.**
Net Financial Debt (1)-(2)	Total net debt level at the end of the period. In section 1, it is included a breakdown of the net debt of the projects (Project Finance) and the net debt of the business
(1) Gross Financial Debt	Level of gross financial debt at period end
(2) Cash & Equivalents	Current liquid assets available to cover the repayment needs of financial liabilities
Annualized EBITDA	
Net Cash Flow	**Cash generated / consumed of the period**
1. Cash Flow from operating activities	**Cash generated by operating activities. Its value is comparable to the Group's EBITDA by measuring the conversion of operating income into cash generation**
2. Cash Flow from investing activities	**Funds consumed / generated by investment needs or divestments collections in the period**
3. Other Cash Flows	

Ordinary Financial Result	Measure of assessment of the result coming from the use of financial assets and liabilities. This concept includes both income and expenses directly related with net financial debt as other non related financial income/expenses
Net Financial Result	
Working Capital	

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28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of ACS Actividades de Construcción y Servicios, S.A. and subsidiaries for 2022

(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 performed a limited assurance review of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFIS) of ACS Actividades de Construcción y Servicios, S.A. (hereinafter the Parent) and its subsidiaries (hereinafter the Group) for the year ended 31 December 2022, which forms part of the accompanying consolidated Directors' Report of the Group for 2022 .

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. Our work was limited exclusively to providing assurance on the information contained in "Table of Contents of the Consolidated NFIS" included in the accompanying NFIS.

Responsibility of the Parent's Directors and Management

The Directors of the Parent are responsible for the contents and the authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected *Sustainability Reporting Standards* of the Global Reporting Initiative (GRI Standards) based on each subject area in the "Table of Contents of the Consolidated NFIS" of the accompanying NFIS.

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 are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) 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.

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

Our firm applies prevailing international quality standards and accordingly maintains a quality system including 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 based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)), and with the guidelines for 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 substantially lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, and the principal risks related to these matters, and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2022 based on the materiality analysis performed by the Parent and described in the section "Identifying material issues", considering the content required by current commercial legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2022.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2022.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2022 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

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

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 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards and based on each subject area in the "Table of Contents of the Consolidated NFIS" of the aforementioned NFIS.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities aligned to the objectives of climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2022 fiscal year, in addition to the information related to eligible activities required in 2021. Consequently, the attached NFIS does not contain comparative information on alignment. Furthermore, inasmuch as the information on eligible activities in 2021 was not required to be as detailed as in 2022, the disclosures on eligibility included in the attached NFIS are not strictly comparable. Additionally, the Directors of the Parent have included information on the criteria that, in their opinion, best allow them to comply with the aforementioned obligations, which are defined in the "EU Taxonomy" section of the accompanying NFIS. Our conclusion is not modified in respect of this matter.

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)

Marta Contreras Hernández

23 March 2023

DIRECTORY

Headquarters of the main ACS Group companies

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Declaration of Responsibility and Authorisation for Issue

The Board members declare that, to the best of their knowledge, the Consolidated Annual Accounts (Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements) have been prepared in accordance with the applicable accounting principles, and in accordance with the format (and labelling) requirements set out in Commission Delegated Regulation (EU) 2019/815, provide a true and fair view of the equity, financial position and results of ACS, Actividades de Construcción y Servicios, S.A. and its consolidated companies, taken as whole, and that the directors' report approved (which contains the consolidated non-financial information statement, the annual corporate governance report and the annual remuneration report) includes a fair analysis of the business performance and results and of the position of ACS, Actividades de Construcción y Servicios, S.A. and its consolidated companies, taken as whole, together with a description of the main risks and uncertainties that they face. Pursuant to current law, the Board members sign this declaration of responsibility, the Consolidated Annual Accounts and the directors' report of ACS, Actividades de Construcción y Servicios, S.A. and the subsidiaries comprising the ACS Group, prepared in accordance with current standards and International Financial Reporting Standards (IFRSs), for the year ended 31 December 2022,.

Florentino Pérez Rodríguez (Executive Chairman)	Antonio García Ferrer (Vice Chairman)
Juan Santamaría Cases (Chief Executive Officer)	Antonio Botella García (Board member)
Javier Echenique Landiríbar (Board member)	Carmen Fernández Rozado (Board member)
Emilio García Gallego (Board member)	María José García Beato (Board member)
Mariano Hernández Herreros (Board member)	Pedro José López Jiménez (Board member)
Catalina Miñarro Brugarolas (Board member)	María Soledad Pérez Rodríguez (Board member)
Miguel Roca i Junyent (Board member)	José Eladio Seco Domínguez (Board member)
José Luis del Valle Pérez (Director and General Secretary)	

Ms. María Soledad Pérez Rodríguez did not sign the annual accounts as he was unable to attend the Board meeting, but indicated her approval of them.

Madrid, 23 March 2023