



## **Environmental Policy**

Approved by the Board of Directors on July 28, 2022

Translation originally issued in Spanish and prepared in accordance with the regulatory applicable to the Group. In the event of a discrepancy, the Spanish-language version prevails.

## **1. PURPOSE**

The current Environmental Policy of ACS, Actividades de Construcción y Servicios S.A, and of the companies within the Group (hereinafter the “ACS Group” or the “Group”), expresses the ACS Group's commitment to environmental protection and appropriate management of the expectations of the interest groups relating to the environment, in accordance with the strategies defined in the Sustainability Policy and Code of Conduct of the ACS Group.

In concrete terms, the ACS Group is one of the world leaders in infrastructure development, with a clearly defined mission: to pursue global leadership, optimising the profitability of the resources deployed and promoting sustainable economic and social development in countries where it has a presence.

The ACS Group's commitment to social improvement hinges on four areas of action:

1. Respect for ethics, integrity and professionalism in the Group's dealings with its Interest Groups.
2. Respect for the economic, social and environmental surroundings.
3. Promotion of innovation and research in its application to infrastructure development.
4. Job creation and spreading of wellbeing, as an economic driver for society.

Therefore, this Policy is in line with the mission and the principles of integrity and respect of Group Standards, considering not only the interest of the ACS Group, but also the requirements which may be expressed by the other interest groups with which it has dealings.

## **2. SCOPE OF APPLICATION**

### **2.1. TERRITORIAL**

The current Policy is applicable worldwide.

### **2.2. SUBJECTIVE**

This Environmental Policy applies to all companies belonging to the ACS Group.

This Environmental Policy is also applicable, where necessary, to business partners of the ACS Group, including subcontractors acting on behalf of the Group, joint ventures, temporary associations of companies and other equivalent associations, whenever the Group is in control of operations. For the rest of our Business partners, we shall assess the degree to which their policies align with the policies of the ACS Group and, if necessary, encourage them to sign up to the Environmental Policy of the ACS Group. In any case, Business partners must transmit the approach and principles set out in this Policy to their entire supply chain and must have procurement criteria that consider sustainability aspects for their supply chain or have

similar sustainability performance criteria for their supply chain as defined in this Policy.

In addition, ACS shall apply the principles of this Policy to its new projects, and to the processes of due diligence in relation to mergers and acquisitions.

The Executive Team of the ACS Group shall employ all possible measures to enforce the commitments contained in this Policy, ensuring that it is published and disseminated both internally and externally, and ensuring that it is reflected in the policies and operating procedures necessary to inculcate the commitments made here across the whole of the Group.

### **3. NORMATIVE FRAMEWORK (STANDARDS OF REFERENCE)**

This Policy must be interpreted in the context of the following ACS Standards, and in accordance with the stipulations of the legislation in force that applies to ACS.

- ACS Code of Conduct, section 1.3. (Respect)
- Business Partner Code of Conduct, section 3.13
- ACS Sustainability Policy, section 4.5
- ACS Construction Materials Policy
- Corporate Due Diligence Protocol regarding Human Rights

### **4. EXTERNAL SOURCES**

The ACS Group continuously monitors and follows up on any new developments in relation to the environment which may be relevant for the company, and internal guidelines are updated, based on an analysis of the latest agreements and internationally recognised standards, to integrate new policies when they are relevant to the Group and possible for the Group to implement.

Thus, the ACS Group's environmental activities and the principles of this policy are aligned, drawing inspiration from the best practices and the most authoritative sources, such as:

- Resolutions and agreements on Climate Change such as the Paris Agreement, struck at the 21st Climate Conference (COP21) and updated at the 26<sup>th</sup> Climate Conference (COP26), which sets forth a worldwide plan of action to keep the level of global warming below 1.5°C.
- Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality ("European Climate Law").
- The Sustainable Development Goals (SDGs), adopted in 2015 and reflected in the 2030 Agenda in the adoption of measures to end poverty, protect the planet and ensure all people live in peace and prosperity.
- The UN Global Compact, consolidating businesses' commitment to ten principles relating to human rights, labour, the environment and corruption.

- Elements of strategy, management and environmental performance assessed by initiatives led by the investment community, such as the Carbon Disclosure Project and the Dow Jones Sustainability Index.
- The Natural Capital Protocol, which is a referential framework for organisations to identify, quantify and value impacts and dependencies on natural capital.
- UN Human Rights Council Resolution 48/13 on the human right to a safe, clean, healthy and sustainable environment.

## 5. DEFINITIONS

For this Standard, the following terms shall be interpreted as having the following definitions.

- **ACS Group/Group:** ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. and its subsidiary businesses
- **Standard(s):** Texts used by the ACS Group with the aim of providing instruction to persons linked to the Group, either for the purposes of work or for the purposes of trade. They are divided into Policies, Regulations and Procedures, and may be Global or Local in scope.
- **Policy:** “Policy” refers to this Environmental Policy
- **Business partners:** “Business partners” refers to any legal entity or natural person with whom the Organisation maintains or intends to establish any sort of business relationship. For example, these include but are not limited to intermediaries as agents or commission agents, external advisers, joint ventures or natural or legal persons hired by the ACS Group for the delivery of goods or services.

## 6. CONTENTS OF THE ENVIRONMENTAL POLICY

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 Group has a decentralised structure and operates by means of an extensive group of companies, which share the culture and values of the ACS Group, though each operates with its own, independent management systems. Thus, this document committing the ACS Group to protecting the environment includes contributions from all the Group’s companies, which implement the guidelines independently and manage their resources as efficiently as possible, always in keeping with the principles and shared objectives defined in this *Policy*.

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

1. To comply with the applicable legislation and standards in general, and other voluntary commitments entered into in each of the Branches, Delegations, Projects, Jobs and Services of the ACS Group.
2. To prevent contamination, by assessing the potential environmental risks at every stage of a project, job or service, with the aim of designing processes which 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 interest groups, catering for their demands and expectations, either in compliance with regulation or independently.
5. To enhance skills and raise awareness, through providing training and educational activities to employees, suppliers, clients and other interest groups.

Activities such as building and providing services that are part of the ACS Group's business model require direct interaction with the environment. In this sense, the main environmental impacts resulting from these activities relate to the consumption of resources (including consumption of materials, energy consumption and water consumption), generation of waste and possible effects from the projects on the natural environment and biodiversity.

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

### **Main areas of activity**

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

The commitments established in each of these areas will apply in ACS Group companies considering the nature of the business pursued by each individual company, and provided it is technically and financially viable. In addition, these commitments must be taken into account when creating or adapting the specific policies of each business.

#### **1. Energy and emissions**

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

In addition, controlling contamination locally is especially relevant to guarantee the wellbeing of the communities where the Group operates. Thus, ACS commits to minimise emissions beyond just greenhouse gas emissions, also taking account of other pollutant gases (NO<sub>x</sub>, SO<sub>x</sub>, and substances that harm the ozone layer), noise emissions and other possible nuisances resulting from the Group's activity, including light pollution.

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

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

## 2. The circular economy

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

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

- Considering and evaluating the main impacts with respect to the use of materials and waste management, taking account of the whole life cycle of the products and services.
- Promoting the use of environmentally responsible materials, in accordance with the best practices set forth in the Group's Policy on Construction Materials.
- Prioritising operational models which reduce resource consumption and waste generation, both in terms of the quantity and of the hazardousness.
- Contributing to extending the usefulness of resources, by-products and waste products through the strategies of "repair, reuse and recycle".

- Identifying business opportunities to contribute to the circular economy through its activities, products and services.

### 3. Efficient and responsible use of water resources

The ACS Group is aware of the importance of water for its activities. Therefore, the Group promotes sensible water use in its activities and develops desalination plants, drinking water production plants and water purification facilities, ensuring access to drinking water and improving the quality of the water ejected from its processes.

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

- Considering and evaluating the main risks and impacts with regard to the use of water resources.
- In its activities, applying measures to optimise water consumption and reduce the quantity and toxicity of its waste water.
- Identifying business opportunities to contribute to efficient use of water resources, reduce water stress and reduce effluent emissions.

### 4. Biodiversity

The Group's activities inevitably give rise to interactions with ecosystems which could alter their initial value. Therefore, in its operations, the Group aims to strike a balance between development and conservation of biodiversity and natural capital, as well as a commitment to non-deforestation, focusing especially on the protection of sites of ecological, scenic, scientific or cultural interest, in accordance with the following fundamental principles:

- Considering the initial value of the ecosystems which may be significantly affected by the Group's activities, products and services as well as the impact along the supply chain, including those direct and indirect suppliers where the outsourced activity is critical for biodiversity.
- Evaluating the impact of our activities, products and services on the ecosystems.
- Applying a structure to alleviate the impact on the ecosystems through activities aimed at prevention, reduction, restoration and compensation, especially in those areas that are protected or of high biodiversity value.
- Implementing management plans whose purpose is to preserve or restore biodiversity in those activities or services which have a significant impact on the ecosystems.
- Establishing criteria for non-action, to prevent the development of activities or services in specific areas, on the basis of criteria tied to the intrinsic value, vulnerability, importance or criticality of these areas.
- Strengthening measures to preserve/restore biodiversity in projects in environmentally sensitive areas.
- Preventing deforestation arising from the activity itself, as well as from direct suppliers and those indirect suppliers whose contracted activity is critical to

avoid deforestation, through actions focused on compensation, restoration and reforestation, as well as the promotion of the use of certified and recycled wood.

The ACS Group has implemented verified measures to ensure the conservation of flora and fauna from the beginning of the planning of operations until their conclusion. These measures are based on:

- Physical protection, transplanting or relocation, as well as respect for the life cycles of the plant and animal species affected.
- Environmental impact studies, identifying the main effects of projects on the natural environment and establishing actions to minimise them. Public participation in the approval procedures for these projects is guaranteed by the national and regional legislation of each of the countries in which they are carried out.
- Monitoring plans, ensuring compliance not only with mandatory regulations and standards on biodiversity and forest conservation, but also with preventive measures and reducing the impact of projects and processes not subject to environmental impact assessments.
- Promoting compensation for the impacts generated by activities on biodiversity and forest mass through restoration, recovery and reforestation actions.

### **Elements for the application and oversight of the Policy**

Overseeing the environmental activities of the ACS Group and enacting the planes of action and improvement programs is the responsibility of the Environment Department of each group of companies; the same Departments are responsible for implementing the necessary measures to reduce and mitigate environmental impacts stemming from the Group's activities.

Furthermore, this Environmental Policy is available on the Group's website, and will be disseminated to all personnel working for or on behalf of the organisation.

The ACS Group will encourage the establishment, in the Group's companies, of mechanisms and procedures to help adhere to the principles of this Policy. Such measures might include:

1. Developing all the ACS Group's activities in compliance with the legislation in force in the area.
2. Striving continuously to improve in environmental terms, implementing an environmental management system to ensure policies are adhered to, and that environmental goals are set and met which enable us to objectively measure the progress of the activities and serve as a basis for decision-making.
3. Monitoring environmental impact all along the ACS Group's value chain.
4. Promoting and incentivising suppliers, contractors and partner businesses to have their own Environmental Policy. Where they do not have their own policy, encouraging them to subscribe to the ACS Group's Environmental Policy and to



extend good practices in sustainability and environmental care throughout their supply chain.

5. Encouraging the use of non-financial criteria, including environmental criteria, notably, in the process of approving suppliers and in assessing and establishing mechanisms to detect bad practices in this area.

6. In the process of doing business with third parties, considering assessment criteria which take account of their environmental performance, and implementing environmental clauses in contracts where necessary.

7. Enabling training and awareness-raising among employees, with respect to environmental factors, through specific programs, run remotely or in person, as a method to raise awareness of and inculcate the principles established in this Policy.

8. Driving forward actions aimed at raising awareness, among our customers and in society in general, of the aspects to which this Policy pertains.

9. Encouraging participation or association with reputable external organisations that foster compliance with the principles of this Policy.

10. In the case of corporate activities, their impact will be assessed in accordance with the principles established in *this Policy*.

To guarantee that the commitments acquired in this Policy govern the activity throughout its global value chain, the ACS Group is committed to following the procedures defined in its Corporate Due Diligence Protocol regarding Human Rights in aspects relating to respect for and protection of the Environment. This Protocol is publicly accessible through the Group's website.

Through the Protocol, measures and processes based on criteria of proportionality and probability are implemented on an ongoing basis for the identification, prevention and mitigation of actual and potential adverse impacts on the environment arising throughout the activity and global value chain, providing, where appropriate, effective remediation in collaboration with the legitimate authorities. These procedures and their results are regularly monitored and reviewed to ensure their correct performance and results, likewise, engaging affected stakeholders by encouraging their participation in the ongoing review and adaptation of the procedures.

The different ACS Group companies will be responsible for carrying out the due diligence processes in the performance of their activities in accordance with the guidelines established in the Protocol.

## **7. REVIEW OF THE ENVIRONMENTAL POLICY**

In accordance with the stipulations of Article 26 of the Regulation of the Board of Directors, the Audit Committee will be in charge of overseeing adherence to the rules of corporate governance, the internal codes of conduct and the Sustainability Policy.

In addition, the roles assigned to the Audit Committee include reviewing, following up on and assessing the Company's Sustainability Policy and its practices; the Committee is therefore responsible for overseeing this Environmental Policy, which

will be developed in line with the characteristics and requirements of each of the Group's companies.

For monitoring the strategy and practices of the Environmental Policy, the ACS Group has an internal assessment system aimed at promoting good management practices amongst the Group's companies, and expand the eminently industrial nature of ACS' activities by spreading corporate culture, through a periodic assessment of the practices used by the ACS Group companies with respect to Sustainability, including those relating to environmental protection and respect for the environment set forth in this Policy.

## **8. EXCEPTIONS TO THE RULE**

There are no explicit exceptions to the application of this Standard. However, any Department which applies for an exception to the application of this Standard must request authorisation, in writing, from ACS' Compliance Officer, setting out the reasons which justify the exception.

## **9. FAILURE TO COMPLY WITH THE STANDARD**

Any breach of this Standard must be reported, *via* the various channels for that purpose available at ACS, including notifying the corresponding line manager or, directly, through the ACS Ethics Channel.

The ACS Group will implement the corrective and preventive measures necessary to remedy any environmental breaches detected and, where relevant, apply the appropriate sanctions to the persons or businesses having caused or been complicit in the breaches, in accordance with the seriousness of the offenses.

## **10. APPROVAL, ENTRY INTO FORCE AND PERIOD OF VALIDITY**

This Standard will be applicable from the time it is approved by the Board of Directors of ACS on the date indicated at the start of this document, and will be mandatory in its objective and subjective facets from then on.

## **11. ADDITIONAL CONSIDERATIONS**

Although this Standard may be translated into other languages, the authentic version of it, for the purposes of interpretation, is the original version written in Spanish.